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TODAY:  
MONEY  
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## Switzerland To Oppose Lawsuit by Nazi Victims

Central Bank Contests Authority of U.S. Courts To Judge Its Actions

By Alan Cowell  
New York Times Service

BONN — A new battlefront loomed in the "Nazi gold" affair Friday when Switzerland's central bank served notice with unusual bluntness that it would fight a pending class-action lawsuit in the United States and disputed the authority of U.S. courts to judge its actions.

The lawsuit alleges that the Swiss National Bank "collaborated with Nazi Germany in the knowing receipt of looted assets," including gold, bonds and securities, according to Michael Hausfeld, a Washington lawyer involved in the suit. The suit has been prepared but not yet filed and does not specify an amount for restitution, he said in a telephone interview.

In a statement, the Swiss National Bank said: "We are resolved to oppose any such action, which would have no basis in law, with all the legal means at our disposal, particularly since we contest the competence of the U.S. courts in our case."

The move came just eight days after Switzerland's big three private banks agreed to negotiate what was termed a "global settlement" to halt three class-action suits brought by Holocaust survivors. Those suits seek \$20 billion in restitution of assets stolen by the Nazis and stashed in Switzerland during and after World War II.

Werner Aebge, a spokesman for the central bank, said the statement had been issued to "make it very clear that, even under the threat of a class-action suit, the National Bank as a public body, cannot

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Ryutaro Hashimoto, arriving at a meeting of Asian and European leaders Friday.

## Pressure Grows on Japan To Stop Economic Slide

### Clinton Urges Tokyo to 'Take Bold Course'

By Jonathan Gage  
and Thomas Crampton  
International Herald Tribune

Japan came under stiff pressure Friday to act quickly and decisively in rescuing its economy as the nation received a warning that its creditworthiness was faltering. President Bill Clinton urged Tokyo to join strategies "that are not appropriate to the present."

The credit warning, by the rating concern Moody's Investors Service, pushed the Japanese yen to a six-and-a-half year low against the dollar and drove down share prices and currencies across Asia.

It came at the end of a week of grim economic news for Japan and heightened fears that the world's second-largest economy was headed into a recession that could unleash a new round of financial and economic turmoil across Asia and perhaps around the world.

In Washington, Mr. Clinton reminded Japan that it was the "key to stability and growth in Asia" and issued his administration's bluntest remarks to date on Tokyo's deepening economic problems. "I think

we need to be both respectful but firm in urging the Japanese to take a bold course," he said.

Mr. Clinton said Prime Minister Ryutaro Hashimoto was "an able man" and said, "He understands the economy, and I believe he wants to take such a course." Nonetheless, he portrayed Japan's policymakers as being divided between entrenched bureaucrats and those more willing to act decisively, and he warned: "You can't simply stay with a strategy that is not appropriate to the times and expect it to get the results that are needed."

Mr. Hashimoto, speaking in London at a meeting of European and Asian leaders, offered words of reassurance, saying that the worst of Asia's economic crisis was over. He repeated his frequent pledge to keep his country from falling into recession. (Page 9)

"Japan will take the necessary economic measures and, at the same time, provide assistance to the countries of Asia," Mr. Hashimoto said. "The current difficulties will be overcome in the not too distant future, and Asia will most certainly return to a path of growth." He provided no fresh details

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## U.S. Stocks Breach the 9,000 Barrier

Unemployment Goes Up but Optimism on Economy Prevails

By Mitchell Martin  
International Herald Tribune

NEW YORK — The Dow Jones industrial average topped 9,000 points for the first time Friday, reflecting seemingly insatiable demand for stocks from investors around the world.

Since the Wall Street rally began in 1995, the major U.S. stock averages have more than doubled. Among major European exchanges, only the Spanish, Swiss and Swedish markets turned in similar performances when measured in dollars. The Dow has advanced by about 13.5 percent so far this year.

Although some analysts are concerned that American stock prices have reached levels that do not reflect the values of the companies behind them, the market seems likely to move higher.

One influence is interest rates, which have been on a downward trend for the 1990s. Traditionally, interest rates decrease when economic growth slows, but American gross domestic product has been expanding at a lively pace.

Interest rates, however, also reflect market perceptions of inflation, and thanks to falling commodities prices and rising international competition,

prices for goods and services have not been rising much.

On Friday, there was some positive news on the inflation front, with a government report that 36,000 jobs disappeared in March, raising the unemployment rate to 4.7 percent from 4.6 percent. Analysts had been projecting an increase for March of more than 200,000, but a lot of the difference was laid to weather-related factors associated with the El Niño effect. Bruce Steinberg, chief economist at Merrill Lynch & Co., noted that the rate of job growth for the first quarter was 205,000, a level he considers sustainable for the long term.

The Dollar			
	Friday @ 3 P.M.	previous close	
DM	1.8472	1.8538	
Pound	1.6595	1.6635	
Yen	135.10	133.45	
FF	6.1913	6.2121	

The Dow			
	Friday @ 3 P.M.	previous close	
	8,977.93	8,986.64	
S&P 500			
change	Friday @ 3 P.M.	previous close	
	+2.15	1122.18	1120.01

Low interest rates help the stock market.

They reduce the attractiveness of bonds for investors and they make it easy for companies to borrow money to finance expansion.

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## Indonesians Caught Up in Chicken-Egg Predicament

By Seth Mydans  
New York Times Service

BOGOR, Indonesia — People here are waiting to see which will go first, the chickens or the eggs. Either way, both foods may soon disappear from people's diets, heralding severe food shortages in the world's fourth most-populous nation.

"We have almost no chickens left," said Ho Cu Ciong, who farms eggs here in Indonesia's poultry-breeding capital, about 40 miles (60 kilometers) south of Jakarta. Already he has slaughtered or sold off most of his 90,000 chickens because of the high cost of feeding them. His eggs have become an expensive luxury item.

"If you ask me which will be the first to go down, it is both of them," he said. "In the market the shelves are already empty, empty, empty."

With the cost of imported chicken feed more than doubling because of Indonesia's weakened currency, 90 percent of the country's poultry farmers have already gone out of business, said Karyoto, an industry analyst.

The U.S. Department of Agriculture predicted recently that Indonesia would soon run out of chickens entirely. The government is trying to keep at least some large producers in business by helping them pay for feed.

Self-sufficient in rice for most of the past decade, Indonesia may have to import 4 million to 5 million tons this year — more than 30 percent of the rice on the world market — at a cost of at least \$1 billion.

The country's worst drought in 50 years has deepened the prospects of a severe food shortage in this nation of 200 million people.

"For the first time in 30 years we're looking at two consecutive declines in food production because of the drought," said Ben Fisher, an analyst at the World Bank. "It was down by about 4 percent last year and quite possibly another 4 to 5 percent this year."

The United Nations said recently that more than 7 million people face "food

## Court Orders Papon to Pay \$750,000 Fees And Damages

By Craig R. Whitney  
New York Times Service

PARIS — Maurice Papon, the former French civil servant who was convicted of being an accomplice to Nazi crimes against humanity during World War II, was ordered by a criminal court Friday to pay 4.6 million francs in legal fees and damages to the victims and their lawyers. The sum is the equivalent of \$750,000.

More than a score of lawyers representing 20 associations and 54 individuals who were complainants in the state's case against Mr. Papon asked the court to make him pay 12.5 million

francs in fees and damages. All the lawyers had been working for no money during the six months of the trial, which ended in a verdict Thursday.

The court, presided over by Judge Jean-Louis Castagnede, found Mr. Papon guilty of complicity in Nazi crimes against humanity because, as a French civil servant during World War II, he turned Jews over to the Germans in occupied Bordeaux.

It sentenced him to 10 years in prison, clearing him of charges of deliberately sending the victims to their deaths in Auschwitz as an accomplice to the Nazi plan for the elimination of all Jews from Europe. Mr. Papon, now 87, was secretary-general of the Gironde regional prefecture in Bordeaux for the Vichy collaborationist government during the war. He has appealed his conviction and can remain free at least until his case is tried in the appeals court in Paris, probably next year.

His trial, the first of a French civil servant on such charges and the longest

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## AGENDA

### North America Goes on Daylight Time

Effective Sunday at 0700 GMT the United States and most of Canada will change from standard time to daylight time. Clocks in both countries will be

moved forward one hour at that moment. During the summer, eastern daylight time will be four hours behind Greenwich Mean Time.



Stanley Fischer of the IMF, with an adviser behind him, says a deal with Jakarta is close. Page 9.

### Yeltsin Wins Delay On Kiriyeenko Vote

MOSCOW (Reuters) — Russia's Communist-led Parliament accepted an olive branch from Boris Yeltsin and, with a bit of constitutional conjuring, put off Friday's confirmation debate on Sergei Kiriyeenko, 35, the president's nominee for prime minister.

The political uncertainty persuaded Mr. Yeltsin to postpone a planned trip to Japan on April 11-13 by one week, but the chief Kremlin spokesman said Mr. Yeltsin had no intention of giving way to calls from the Communists to form a coalition cabinet.

### Davis Cup Surprise

BRATISLAVA, Slovak Republic (Reuters) — Slovakia took a 2-0 lead over Sweden, the defending champion, after the first day of their Davis Cup tennis series on Friday. Dominik Hrbaty beat Magnus Norman, and Karol Kucera beat Mikael Tillström. Earlier article, Page 18

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## Widening a Rift, Greens Take Aim at Schroeder

Ecologist Calls Foreign-Policy Plan a 'Disaster'

By John Vinocur  
International Herald Tribune

LEIPZIG — The leader of the Greens party who wants to be in charge of foreign affairs in a new Social Democratic-led German government calls Gerhard Schroeder, the Social Democrats' candidate for chancellor, ignorant on international policy matters — and says that his idea to bring Britain into a leadership triangle with France and Germany would be "a disaster for Europe."

Speaking of Mr. Schroeder in an interview, Joschka Fischer, the Greens leader, said: "He doesn't understand anything about foreign policy. If he tried to widen the German-French relationship to a triangle with Britain it would be a disaster for Europe. Britain just doesn't know what it wants."

The remarks made Wednesday by Mr. Fischer, often described as a likely foreign minister if a coalition between the Social Democrats and the Greens takes power after national elections scheduled for Sept. 27, were a startling element liable to further undermine the ecological party's credibility as the Social Democrats' possible government partner.

For the last month, the Greens have unveiled a series of positions calling for increases in gasoline prices for automobiles, rejection of the North Atlantic Treaty

Organization's expansion eastward, and restrictions on vacation trips through new taxes on aviation fuel that have led Mr. Schroeder to say that the "radical pacifist wing of the Greens can expect to play no role in a government of mine."

Considering the gap between mainstream public opinion in Germany and these positions, Mr. Schroeder could say little else.

But now his competence and judgment have been challenged by the Greens' leader most representative of what the party itself refers to as its realpolitik wing, a moderate one.

Mr. Fischer said that Britain's ambivalent position on joining the planned European single currency and its eager backing of the United States in the recent Iraq crisis reflected attitudes that had very little to do with the deepest reflexes of France, Germany or their partners in Continental Europe.

His comments coincided with a visit by Mr. Schroeder to Paris, where he met with Prime Minister Lionel Jospin and reiterated the importance of German-French ties, but stressed that closer relations with Britain were a "sensible addition" to the cross-Rhine partnership.

Current opinion polls indicate that if the Social Democrats can outrun the

See GREEN, Page 5

## Conspiracy Theories Hover Over Martin Luther King Observance

By Kevin Sack  
New York Times Service

MEMPHIS, Tennessee — Thirty years after the Reverend Martin Luther King Jr. was killed on the balcony of a motel by a sniper's shot to his jaw, thousands of pilgrims plan to gather here this weekend to try to draw meaning from his remarkable life and death.

The three-day series of marches, rallies, forums, concerts and re-enactments will be larger in scale and substance than previous commemorations in Memphis, a city that the Reverend Jesse Jackson likens to Calvary, "the site of the crucifixion."

This year's "Pilgrimage to Memphis" was to feature a service at Mason Temple Church, with the playing Friday evening of the introspective "I've Been to the Mountaintop" speech that Mr. King delivered there on the night before the April 4, 1968, shooting, when he seemed to forecast his death.

On Saturday, the 30th anniversary of the assassination, marchers will retrace the route taken by Mr. King and the striking sanitation workers whose protests against subhuman conditions brought him to Memphis. That night, they will hold a vigil at the Lorraine Motel, the site of the killing, which has been converted into a civil rights museum.

Mr. King's leadership was fundamental to the civil rights movement's success in ending the legal

segregation of blacks in the South and elsewhere in the United States.

But as those assembling in Memphis try to reinvigorate the relevance of his legacy, they may have difficulty drowning out the background noise generated by an intense, yearlong re-examination of the assassination itself.

On at least one level, that search for answers has divided the civil rights community into camps — pitting those who believe that James Earl Ray fired the fatal shot, perhaps to collect a bounty, against those who believe that he was a patsy in a vast government conspiracy aimed at silencing Mr. King's preachings against poverty and the Vietnam War.

Those who are convinced of Mr. Ray's guilt say it is time to put the questions about the assassination aside and to acknowledge that the full truth may never be known.

"It is tragic that real progress may be held up while we debate about something that may never be proven," said Benjamin Hooks, the Memphis minister, lawyer and judge who served for 16 years as executive director of the National Association of Colored People.

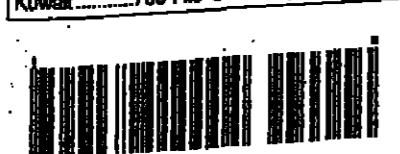
Julian Bond, the recently elected chairman of the association and a longtime civil rights advocate and historian, called the continuing focus on the



Coretta King wiping tears away as she stood with a son, Dexter, at her husband's crypt.

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Newsstand Prices	
Andorra	10.00 FF Lebanon
Antilles	12.50 FF Morocco
Armenia	1.800 CFA Qatar
Cameroon	1.800 CFA Qatar
Egypt	1.800 CFA Qatar
France	10.00 FF Saudi Arabia
Gabon	1.100 CFA Senegal
Guinea	2.800 Lire Spain
Italy	1.250 CFA Tunisia
Ivory Coast	1.250 JD U.A.E.
Jordan	1.250 JD U.A.E.
Kuwait	700 Fils U.S. Mil. (Eur.)



# In a Do-or-Die Race, Lebed Courts Siberia's Glum Electorate

By Michael R. Gordon  
New York Times Service

ACHINSK, Russia — Alexander Lebed stood in the Siberian chill in nothing more than a dark business suit and told the voters that his iron hand could turn their region around.

The overflow crowd in the auditorium was bundled up in bulky coats and fur hats. Siberia may be rich in natural resources, but Achinsk is too strapped to pay its heating bills.

"It is not an economist who is needed today," Mr. Lebed said. "It is an expert on crisis management. Nobody can tell me the name of an economist who has had any success in our huge country."

A year and a half after he was dismissed by President Boris Yeltsin, Mr.

Lebed is running for governor of the huge Krasnoyarsk region in a bitter race that could make or break his political career.

Victory would give the former general a powerful base for his campaign to capture the presidency. Defeat could be catastrophic. So far, it is an uphill battle.

"If I lose this election, there is nothing for me to do in the presidential elections," Mr. Lebed conceded in an interview. "And if I win the election and don't prove to be a good governor, there will also be nothing to do at the presidential elections."

Mr. Yeltsin's recent decision to dismiss his cabinet has intensified the infighting over the 2000 presidential race. With two years to go, it seems as if the starting gun has already gone off. Victor Chernomyrdin, the former prime min-

ister, is a contender. Mayor Yuri Luzhkov of Moscow has been rushing around the country, striking nationalist poses. And the Communist leader, Gennadi Zyuganov, has been trying to revive his party's sagging fortunes by portraying Mr. Yeltsin's shake-up as a national crisis.

Then there is Mr. Lebed. A shallow opportunist to his critics and a charismatic crusader to his supporters, he became a national sensation by coming in third in the 1996 presidential race. He worked briefly as Mr. Yeltsin's national security adviser before being cast out for coveting the president's job too openly.

Mr. Lebed is no stranger to adversity. As a Kremlin aide, he risked the wrath of Russian nationalists by negotiating an end to the Chechnya conflict. But Siberia

is proving to be his toughest test.

To understand why he is putting a high-stakes gamble on a province 3,800 kilometers (2,400 miles) from Moscow, think of a region that is one-fourth the size of the United States. Then imagine that the governor of the region is also a ranking member of Russia's upper house of Parliament. Also consider that Krasnoyarsk has the country's biggest metallurgical complex as well as chemical plants, aluminum factories and two closed nuclear cities, off-limits to Russians without special permission.

Further, imagine that the region has often been a barometer of political trends. Krasnoyarsk has a population of only 3.4 million, but the 1996 voting results closely paralleled the national outcome.

The timing of the governor's race is

convenient for a politician with presidential ambitions. While Mr. Lebed was born in the southern region of Rostov and later served as a deputy from the Tula region near Moscow, he did not have to worry about a residency requirement. To run for governor of Krasnoyarsk, a candidate simply has to produce a long list of voters' signatures.

Mr. Lebed, to be sure, has several things going for him. He is famous. Krasnoyarsk has an anemic economy, which is just beginning to turn around. He has retooled his image. He rarely grows like a nationalist. Instead, he has assumed the role of a decisive manager and populist, who promises, if elected, to hold visiting hours for disgruntled citizens twice a week.

His small motorcade races from town to town in politically correct Russian-made Volga sedans and Lada compacts.

Mr. Lebed's wife, Nina Aleksanrovna, accompanies him to his campaign meetings. A dutiful partner, she watches approvingly from the sidelines and avoids political questions. "It is the man who must choose the road," she said when asked about his decision to stake his political future on Krasnoyarsk. "It is the woman's role to stand by his side."

Running for governor also seems to be kind of a family business. Mr. Lebed's older brother reigns over neighboring Khakassia, one of Russia's 20 ethnic republics.

But Krasnoyarsk is a much tougher fight. The current incumbent is Valeri Zubov, a former sociology professor who spent two years teaching at the University of Oklahoma. He has painted Mr. Lebed as an outsider with dubious financial backers who views Krasnoyarsk as a stepping-stone on his march to the Kremlin.

The Communists have been hammering away at Mr. Lebed, too. They would like to have the monopoly on the down-trodden and disaffected. The Communist candidate is Pyotr Romanov, who was born in a prison camp after his father was jailed by Stalin but who became a Communist anyway. An experienced politician and former factory director, Mr. Romanov tells voters that if Mr. Lebed is elected "it will take him at least six months to understand the situation."

If no candidate wins a majority in the April 26 balloting, there will be a runoff between the two leading candidates. Most observers expect the race to come down to Mr. Zubov and Mr. Lebed.

Mr. Lebed's meetings in Achinsk, a factory town 240 kilometers northeast of Krasnoyarsk, show the obstacles his campaign faces. While wage arrears and layoffs are a big problem, weary resignation, not anger, seems to dominate. Data collected by the Lebed campaign also indicate that the voters tend to prefer the devil they know and that Mr. Zubov is ahead of the pack.

## BRIEFLY

### Denktash Prepares To Meet U.S. Envoy

ANKARA — Rauf Denktash, the Turkish Cypriot leader, met a U.S. official in Nicosia on Friday to prepare for his planned talks with Richard Holbrooke, a U.S. special envoy, the Turkish Cypriot TAK news agency reported.

"It was a very constructive and useful meeting," Thomas Miller, the U.S. State Department's coordinator on Cyprus, said after meeting Mr. Denktash in the Cypriot capital's Turkish sector.

Mr. Holbrooke was scheduled to arrive in Cyprus later Friday for talks with Mr. Denktash and Glavkos Kleides, the Greek Cypriot leader, to urge the two leaders to narrow their differences about the division of the island. (AFP)

### Pope Urged to Act In Vienna Dispute

VIENNA — Roman Catholic bishops in Austria appealed with unusual force Friday to Pope John Paul II to act "very soon" to end a dispute over a cardinal accused of sexually molesting young boys.

In a statement, they also urged the cardinal, Hans Hermann Groer, 78, to refrain from undertaking any more duties associated with his rank as bishop.

Monsignor Groer also will not take part in the pontiff's visit to Austria in June, said Cardinal Christoph Schoenborn. Monsignor Groer's successor as Archbishop of Vienna, Monsignor Groer was Archbishop of Vienna in 1995, when the accusations first surfaced. (AP)

### NATO Chief Lauds Bulgarian Reforms

SOFIA — Javier Solana, Madrid, NATO's secretary-general, praised Bulgaria's reform progress Friday and said the former Warsaw Pact member had a solid chance of joining the Western defense alliance in future rounds of expansion.

Mr. Solana, after concluding a two-day visit to the Bulgarian capital, said that Bulgaria was moving in the right direction. The talks also covered regional security and the conflict in the Serbian province of Kosovo. (Reuters)

## Don't Push Israel Publicly, Legislators to Tell Clinton

By Steven Erlanger  
New York Times Service

WASHINGTON — Three-quarters of the Senate and one-quarter of the House have signed letters to President Bill Clinton urging him not to present a Middle East peace proposal in public that the Israeli government opposes.

The letters, which are circulating among legislators, express support for Mr. Clinton's efforts to mediate a peace settlement between Prime Minister Benjamin Netanyahu of Israel and the Palestinian leader, Yasser Arafat.

In the House letter, the legislators urge Mr. Clinton to do it privately, saying that a public American proposal "leaves Chairman Arafat with very

little incentive to negotiate." The Senate letter asserts that Mr. Arafat is holding up progress on smaller issues, since he "may hope that American frustration with the pace of the process will lead to an American decision to force even more from Israel."

More surprisingly, the Senate letter urges Mr. Clinton to "quietly urge the Palestinians to accept Israel's latest offer and move to final status negotiations."

On Wednesday, the U.S. special Middle East envoy, Dennis Ross, met with Senators Joseph Lieberman, Democrat of Connecticut, and Connie Mack, Republican of Florida, the co-sponsors of the Senate letter, and tried to persuade them not to go ahead with it.

On Thursday, the assistant secretary of state for Near East affairs, Martin Indyk, did the same, while making telephone calls to House sponsors, including Representative Eliot Engel, Democrat of New York.

Mr. Clinton has made no decision to go public with an American proposal, senior administration officials say, and may send Mr. Ross back to the Middle East as early as next week.

For months the Americans have been refining a proposal to get both sides to agree to a phased Israeli withdrawal from a portion of the West Bank in return for specific steps by the Palestinians to fight terrorism.

Mr. Clinton has proposed a pullout of 13 percent, while Mr. Netanyahu has said that for security reasons Israel cannot withdraw from more than 9 percent, although in private he is said to have suggested a 10 or 11 percent pullout.

Mr. Lieberman said in a telephone interview that the letter was not meant to be hostile to the administration, but "to express a bipartisan view that it would be a mistake" to put forward an American proposal, intended to become public, "that Israel would have to reject as currently configured."

"That is not the way to deal with an ally," he said.

Mr. Mack said that "the United States should encourage and motivate, to move the parties forward, but to put forward a public American position is not the American role."

Senate and House staff members said that as of Thursday evening, 75 senators and 115 members of the House had signed the letters.



UNITED SHE'LL STAND — Workers in Tokyo reassembling a Statue of Liberty in Odaiba Park on Friday. The statue was shipped from Paris as part of Japan's celebration of "French Year."

## Another Strong Quake Hits Central Italy

Reuters

ROME — An earthquake measuring 4.7 on the Richter scale shook Italy's central Umbria and Marche regions Friday, hitting the same area as an equally strong quake last week and a string of powerful tremors last year.

People in the region, many left homeless from the quakes last year, ran out of homes and workplaces, and schools were evacuated when the quake hit, at 9:26 A.M., witnesses said. Officials said some buildings had suffered minor damage, but no injuries were reported.

"I was in a shop and suddenly the plates began moving back and forth,"

Fausto Beretta, who was visiting the town of Assisi said Friday by telephone. "It was very, very strong and everybody ran into the streets in complete panic."

An official at the Rome civil protection agency said the epicenter of the quake was Gualdo Tadino and Nocera Umbra, "the same as last week."

The quake caused slight damage to the main church in Gualdo Tadino and to the castle of Sant'Ercolano, near the town of Foligno. A priest at the Basilica of St. Francis in Assisi, where a part of the ceiling and frescoes were brought down by two quakes last September, said there had been no damage Friday.

## 2 Million Muslims Expected for Hajj

Agence France-Press

MECCA, Saudi Arabia — More than a million pilgrims prayed in the Great Mosque here Friday as they prepared for the hajj, Islam's largest annual pilgrimage, due to begin Saturday.

Some 2 million Muslims are expected to take part in this year's hajj to Islam's holiest shrines, in the southwestern Saudi cities of Mecca and Medina.

Under the midday sun, tens of thousands of faithful dressed in white robes walked slowly around the Kaaba, the cube-shaped structure in the Grand Mosque's courtyard that covers a black stone that Muslims believe was delivered by the Archangel Gabriel to the prophet Mohammed.

All routes to the Great Mosque were choked with pilgrims unable to find room in the mosque courtyard, which holds a million people.

Friday prayers. The imam there echoed Palestinian popular opinion in calling Mr. Sharif a "martyr."

Thousands of Palestinians in towns across the West Bank and in Gaza held rallies commemorating Mr. Sharif, chanting pro-Hamas slogans and shouting for revenge.

In Nablus, marchers burned Israeli flags, and in Hebron, Mr. Sharif's brother told the crowds that Muhyiddin had always wanted to become a martyr.

## Israeli Spy Chief Meets Arafat To Deny Role in Hamas Death

Reuters

JERUSALEM — Israel sent its top secret service official Friday to tell Yasser Arafat, the Palestinian leader, that Israel had nothing to do with the death of a Muslim militant master bomber, Israeli political sources said.

They said Ami Ayalon, head of the Shin Bet domestic intelligence service, met Mr. Arafat at his office in Palestinian-ruled Gaza.

The military wing of the militant Hamas group, mourning the death of its bomb maker Muhyiddin Sharif, dismissed Israel's claims of innocence and vowed to begin revenge attacks against Jewish targets inside and outside Israel.

The leadership of Izz al-Deen al-Qassam brigades has decided to carry out a comprehensive and varied plan of attack on several fronts and fields, the group said in a statement. "We will not make do this time with hitting the Zionist depth in Jerusalem and Tel Aviv but the fire of our revenge will extend to what is unexpected by the Zionists and unimagined by others."

It was at least the second threat by the Hamas military wing since news broke Wednesday that Mr. Sharif had been found dead and that his body had been dumped near a booby-trapped car earlier in the week in an area of the West Bank ruled by Mr. Arafat's Palestinian Authority.

Prime Minister Benjamin Netanyahu told foreign ambassadors Friday that Israel had had no connection with Mr. Sharif's death and said it was "irresponsible" for Palestinian officials to say otherwise.

"We had nothing whatsoever to do with it," Mr. Netanyahu said. "I say that because we heard from Palestinian officials, including senior officials, statements to the contrary."

"These are very irresponsible statements because what they do is incite toward violence," he added. "I would say they ignite an already explosive atmosphere and they could lead to the launching of terrorist attacks against Israel."

Echoing the accusations from Hamas, the Palestinian Legislative Council said Thursday that the death of Mr. Sharif was a "criminal act" perpetrated by Israel.

Israel has gone on high alert in response to the Hamas threats, bolstering its police and army presence in city centers and crowded areas.

Security was tight around the Al Aqsa mosque inside Jerusalem's Old City walls where thousands of Muslims at-

## TRAVEL UPDATE

### EU Lawmakers Seek Inquiry on Duty-Free

STRASBOURG (Reuters) — The European Parliament asked the European Commission on Friday to urgently begin an independent study of the consequences of the planned abolition of duty-free sales in the European Union.

On Thursday, the European tax commissioner, Mario Monti, dismissed calls for a study, saying a decision to end duty-free sales would go into effect in July 1999. But the Parliament called on

the EU to "carry out and publish this independent study into the social, economic, regional and revenue consequences of the abolition of duty-free and tax-free sales."

The Van Gogh Museum in Amsterdam will close Sept. 1 for an eight-month overhaul that includes constructing a new wing. (AFP)

A group of U.S. battery makers is urging the Federal Aviation Administration to prohibit passengers from recharging computers during flights, saying they may start a fire. (AP)

## WEATHER

### Europe

	Today	Low	High	Tomorrow	Low	High
Algeria	18/64	10/50	pc	17/62	12/53	pc
Amsterdam	15/53	9/48	pc	10/50	6/43	f
Antwerp	14/57	9/52	pc	10/50	6/43	f
Athens	20/68	12/53	pc	20/73	14/57	f
Berlin	15/53	9/48	pc	10/50	6/43	f
Brussels	15/53	9/48	pc	10/50	6/43	f
Budapest	21/70	11/52	pc	21/70	10/53	f
Copenhagen	10/50	7/44	f	9/48	5/43	f
Dublin	10/50	7/44	f	9/48	5/43	f
Edinburgh	10/50	7/44	f	9/48	5/43	f
Frankfurt	15/53	9/48	pc	10/50	6/43	f
Geneva	15/53	9/48	pc	10/50	6/43	f
Helsinki	12/51	6/48	f	12/51	6/48	f
London	12/51	6/48	f	12/51	6/48	f
Madrid	17/62	11/52	pc	17/62	11/52	pc
Moscow	15/53	9/48	pc	10/50	6/43	f
Nice	18/64	10/50	pc	17/62	12/53	pc
Oslo	12/51	6/48	f	12/51	6/48	f
Paris	15/53	9/48	pc	10/50	6/43	f
Rome	18/64	10/50	pc	17/62	12/53	pc
Stockholm	10/50	7/44	f	9/48	5/43	f
Toronto	10/50	7/44	f	9/48	5/43	f
Vienna	15/53	9/48	pc	10/50	6/43	f
Zurich	15/53	9/48	pc	10/50	6/43	f

Forecast for Sunday through Tuesday, as provided by AccuWeather.



Legend: sun, partly cloudy, cloudy, drizzle, showers, thunderstorms, rain, snow, hail, sleet, ice, W-Winter.

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### Asia

	Today	Low	High	Tomorrow	Low	High
Algeria	18/64	10/50	pc	17/62	12/53	pc
Amsterdam	15/53	9/48	pc	10/50	6/43	f
Antwerp	14/57	9/52	pc	10/50	6/43	f
Athens	20/68	12/53	pc	20/73	14/57	f
Berlin	15/53	9/48	pc	10/50	6/43	f
Brussels	15/53	9/48	pc	10/50	6/43	f
Budapest	21/70	11/52	pc	21/70	10/53	f
Copenhagen	10/50	7/44	f	9/48	5/43	f
Dublin	10/50	7/44	f	9/48	5/43	f
Edinburgh	10/50	7/44	f	9/48	5/43	f
Frankfurt	15/53	9/48	pc	10/50	6/43	f
Geneva	15/53	9/48	pc	10/50	6/43	f
Helsinki	12/51	6/48	f	12/51	6/48	f
London	12/51	6/48	f	12/51	6/48	f
Madrid	17/62	11/52	pc	17/62	11/52	pc
Moscow	15/53	9/48	pc	10/50	6/43	f
Nice	18/64	10/50	pc	17/62	12/53	pc
Oslo	12/51	6/48	f	12/51	6/48	f
Paris	15/53	9/48	pc	10/50	6/43	f
Rome	18/64	10/50	pc	17/62	12/53	pc
Stockholm	10/50	7/44	f	9/48	5/43	f
Toronto	10/50	7/44	f	9/48	5/43	f
Vienna	15/53	9/48	pc	10/50	6/43	f
Zurich	15/53	9/48	pc	10/50	6/43	f

Legend: sun, partly cloudy, cloudy, drizzle, showers, thunderstorms, rain, snow, hail, sleet, ice, W-Winter.

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# Lewinsky's Lawyer Dares Starr to Heed 'People's Will' and End Inquiry

Continued from Page 1

WASHINGTON — With the Paula Jones lawsuit gone but the Whitewater grand jury pressing ahead, Monica Lewinsky's lawyer made a public plea Friday for prosecutors to end their criminal investigation.

"The American people want this matter to end," said the lawyer, William Ginsburg.

Seeking to capitalize on the dramatic dismissal Wednesday of Mrs. Jones' sexual harassment lawsuit, Mr. Ginsburg said that the Whitewater prosecutor, Kenneth Starr, needed to consider the will of the country along with the facts and law.

To make his point, he scoffed at Mr. Starr's allusion Thursday to the fictional detective Joe Friday, played by the actor Jack Webb in the 1960s television show *Dragnet*.

"Mr. Starr, Jack Webb cared about not 'only the facts ma'am,' but he also cared about the will of the people he was serving," Mr. Ginsburg said. "Mr. Starr, have you no shame? Facts and law are always subordi-

nated to the will of the American people."

But there were no signs that Mr. Starr would follow the recommendation. The New York Times and The Washington Post, quoting sources, said the federal judge overseeing the grand jury in the Lewinsky investigation gave Mr. Starr a boost this week by ordering Ms. Lewinsky's first attorney to testify before the grand jury and release papers relating to his work for Ms. Lewinsky because she intended to commit fraud in the affidavit the lawyer prepared at her direction.

Under the ruling, Mr. Carter will have to produce his retainer agreement with Ms. Lewinsky and phone message slips. Mr. Ginsburg declined comment on Judge Johnson's order.

Mr. Carter's lawyer, Charles Ogletree, said that he would oppose "any effort by the government to pierce the attorney-client privilege" and that he would "use every available avenue to protect the interests of Monica Lewinsky, and to ensure Frank Carter isn't used as a witness against his client."

Meanwhile, the obstacles for Mr. Starr remain

daunting. On no fewer than four fronts, he is facing legal obstacles that already have delayed him and may stall the conclusion of the investigation for months longer. Whether it is the White House's use of "executive privilege" to restrict the questioning of presidential aides or a local bookstore's refusal to hand over credit card receipts, Mr. Starr is facing fierce and sometimes unexpected resistance.

Additionally, the trial-level judge overseeing aspects of the case has not yet ruled on whether Ms. Lewinsky should receive immunity based on an offer Mr. Starr's prosecutors supposedly made to her in January. Her lawyers insist that they had what should be considered a binding agreement. Mr. Starr contends that no deal was reached.

And Mr. Starr has been unable to question certain agents who patrol the White House or to review related documents. So far, he has chosen negotiation over a frontal legal challenge, which would pit his office against officials of the Justice Department.

On some of these battlefronts, Mr. Starr must decide whether to press his position to the utmost — and endure hearings, rulings and appeals stretching over months or longer — or negotiate for less.

Mr. Starr has said that the dismissal of Jones' sexual harassment suit will not affect his criminal investigation.

Returning from a 12-day trip to Africa, the president basked in the absence of a sexual harassment lawsuit that has plagued him since 1994. As he stepped off a helicopter late Thursday and walked up the South Lawn toward the White House, Mr. Clinton said: "This old place looks good. I'm glad to be home."

He declined to elaborate on the Jones ruling during a Rose Garden appearance Friday morning. "I'm going to try to do what the Supreme Court said I should do, which is not to be in any way deterred by this, and I'm going on with my business. Others will comment on this."

(AP, WP, NYT, LAT)

surpluses to appear in a generation.

The week of debate leading to the vote showcased not just the differences between the two political parties but also internal Republican divisions over how to approach fiscal policy in the new era of surpluses.

Conservative Republicans have sharply criticized the Senate for abandoning their party's signature issue of tax cutting at a moment when surpluses allow new boldness. Even Senator Trent Lott, the majority leader, has said he would like to see at least \$45 billion in tax cuts by the time the year's budget drafting is complete. (NYT)

## House Leader Says 'No' to IMF Funds

By Eric Schmitt  
New York Times Service

WASHINGTON — In a new threat to one of President Bill Clinton's top foreign policy goals, the House majority leader has urged fellow Republicans to reject the administration's request for \$18 billion in new financing for the International Monetary Fund.

In a memo sent Thursday to lawmakers, Representative Dick Armey of Texas, second-ranking House Republican, said the financing would encourage an unchecked expansion of the fund's lending that would cost the United States billions of dollars and weaken financial systems worldwide.

"If, under the Clinton Doctrine, we sanction a policy of ever-expanding bailouts and futile attempts to manage other economies, the resulting system will be fragile, susceptible to sudden economic stops and starts, crashes and panics," he said.

Mr. Armey, who acknowledged that his view "may well be a minority position in the House," proposed delaying a vote, expected later this month, on the \$18 billion increase. A delay would undercut IMF supporters who are trying to attach the financing to a popular disaster-relief bill.

His memo offers the latest evidence of divisions among Republicans over whether to support the new financing, which the administration says the fund needs to refill a treasury strained by the Asian financial crisis.

Much of the Republican leadership favors the new financing. Senate Republicans, with most of their Democratic colleagues, overwhelmingly approved the \$18 billion last week; Republicans backed the measure by nearly three to one.

Mr. Armey sent his memo just as House members headed home on a two-week recess, during which many legislators will undoubtedly hear concerns from farmers and businesses who may support the IMF request because they are worried about losing markets overseas.

Mr. Armey said he would consider supporting the new financing only if the fund first made public its documents and decision-making procedures, and stopped offering loans at below-market rates.



**FROGLASS** — Interior Secretary Bruce Babbitt failing to find any Western spotted frogs near Heber City, Utah, just after signing an accord to protect them. Biologists later told him the frogs were hibernating.

## Clinton's Coattails Look Like a Winner

WASHINGTON — Not only does President Bill Clinton continue to enjoy huge popularity despite the continuing investigation by an independent counsel, but he is also in a good position to help his party win congressional seats in this fall's election, according to a poll by the Pew Research Center.

The poll was taken last weekend and released Thursday. The pollsters stopped short of predicting that Democrats will retake the House majority but suggested that the environment is ripe for them to gain the 11 seats necessary to win control. Republicans have in their favor a relatively content electorate and a political environment that seems to favor incumbents. In the Pew poll, 63 percent of registered voters said they would like to see their congressional representative re-elected.

The bad news for the Republicans, however, is that 52 percent of respondents said they were more likely to vote for a Democrat, while 40 percent said they

would likely support a Republican this fall. The numbers have widened since August, when Democrats held an edge of 48 percent to 45 percent, and is now the largest of the decade in any Pew Center poll, which has a margin of error of plus or minus 3 percentage points.

"What's clear is that the president's strong approval rating and the public's support for his policies and performance are helping the Democratic Party generally," said Andrew Kohut, director of the nonpartisan center. (WP)

to crash and killed all 110 people aboard, another small airline based at the same airport shipped the same kind of cargo on the same route on another passenger plane. The Federal Aviation Administration said it was fining British International Airways of Miami \$450,000 for shipping the parts, called oxygen generators, on a Delta Air Lines plane from Miami to Atlanta on July 10, 1996. The charter airline has been grounded since September 1996. (NYT)

## Away From Politics

• The Justice Department will not prosecute Mark Fuhrman, a former Los Angeles police officer who was a witness in the O.J. Simpson murder trial, for alleged criminal abuse of minorities that he described in a series of crude, racist interviews with a screenwriter, the Los Angeles Times reported. The five-year statute of limitations on the alleged incidents linked to Mr. Fuhrman and other Los Angeles police officers has long expired, it said, citing a source. (AP)

• A federal judge sentenced the driver of the van used in the 1993 World Trade Center bombing to 240 years in prison without parole, saying the man had answered a call "to go forth and do great evil." The defendant, Eyad Ismaili, 26, also was ordered to pay \$10 million in restitution and fines of \$250,000. (Reuters)

• Two months after old aircraft parts shipped as cargo caused a ValuJet plane

## One of 4 American Hostages in Colombia Escapes From Kidnappers

Washington Post Service  
**BOGOTA** — One of four Americans kidnapped last week at a roadblock mounted by a unit of Colombia's largest guerrilla force has escaped from captivity.

The American, Thomas Fiore, was on a bird-watching outing 50 kilometers (30 miles) southeast of the capital with the three other Americans when they were captured by members of the group, called the Revolutionary Armed Forces of Colombia. He fled a guerrilla camp in the remote area of El Calvario in central Meta state early Thursday.

Mr. Fiore, 43, walked for hours through the mountains before he happened to encounter some Colombian television journalists, according to a report broadcast on Radiotext.

He was tired but appeared to be in good condition, the report said. He was flown by military helicopter to a base in Apiay in eastern Colombia and later sent to Bogota.

It was not immediately clear how Mr. Fiore had managed to escape.

The guerrillas have threatened to kill the Americans if they are found to have any links with the CIA, FBI or Drug Enforcement Administration. The United States denies that the hostages have ties with U.S. intelligence agencies.

## Smoking Rates Jump For Black Teenagers

New York Times Service  
**WASHINGTON** — For years, public health officials have touted low smoking rates among black teenagers as a hopeful sign that at least some young people were shunning cigarettes. But that optimism has fallen sharply after a new study found that cigarette use among black high school students jumped 80 percent since 1991.

The nationwide survey announced Thursday found that from 1991, when the Centers for Disease Control and Prevention began the study, to 1997, smoking rates increased by one-third among all high school students. Forty-three percent used cigarettes, cigars or smokeless tobacco in the month before the survey; 22 percent had smoked cigars during that time.

But it was the sharp increase in black youths' smoking rates, which other studies showed to have dropped precipitously in the 1970s and 1980s, that experts found most troubling. While white high school students still smoke at nearly twice the rate of blacks, the gap has narrowed steadily in the '90s, and some experts predict that it will close in the next decade.

"As we entered the 1990s, there was a three to fourfold difference between smoking in white and black teens," said Dr. Michael Eriksen, director of the Office on Smoking and Health at the Centers for Disease Control and Prevention in Atlanta. "That was a public health success story, and what we are finding now is that success is eroding right before our eyes."

The survey, published in Friday's issue of *Morbidity and Mortality Weekly Report*, offered no reason for the shift.

## Richard Bellamy, 70, New York Art Dealer, Dies

New York Times Service  
**NEW YORK** — Richard Bellamy, 70, a New York City art dealer whose Green Gallery was one of the most important showcases of avant-garde art during the American art explosion of the early 1960s, died Sunday in his sleep at his home in New York.

A boyish, usually stylishly disheveled man with a charming, somewhat nervous manner, Mr. Bellamy was known for his brilliant eye, his skill at installing exhibits, his love of tennis, his "towering modesty" (as his shyness was sometimes called) and his devotion to new art and its creators.

The names and locations of his galleries varied, but for more than four decades he was rarely without one, or at least an office for private dealing.

David Bourdon, 63, writer on modern art, said Mr. Bellamy was who was closely involved in the innovative New York art world of the early 1960s and who was one of the early writers on the minimalist movement, died March 27 at Simi Valley Hospital in Simi Valley, California, of esophageal cancer.

Among Mr. Bourdon's books were studies of the artists Christo (1972), Alexander Calder (1980) and Andy Warhol (1989). (NYT)

## KING: Questions Over Killing Cloud His Legacy

Continued from Page 1  
assassination "an irritation." He added: "I think for the conspiratorialists it will just go on forever. It will never stop."

But those who doubt Mr. Ray's culpability contend that the truth about Mr. King's death must be discovered before the totality of his story can be told, particularly if the government played a role. As if to reinforce that point, they scheduled a forum in Memphis Friday night to lay out the latest evidence of a government conspiracy.

And a national organization of conspiracy theorists, the Coalition on Political Assassinations, has scheduled a meeting here to coincide with the commemoration.

"In the Jewish and Christian tradition, you do not slay one of God's prophets without a nation reaping the consequences," said the Reverend James Lawson, a Los Angeles minister who helped lead the sanitation workers' strike in Memphis. "You cannot revise your history in a negative fashion and expect then that you are walking on a good foundation toward a new future."

Mr. Lawson said he believes that Mr. Ray is "innocent of either a plot or the pulling of a trigger." That is the same position taken during the last year by Mr. King's widow, Coretta Scott King, and the Kings' four children, who have been convinced by Mr. Ray's lawyer, William Pepper, that Mr. Ray was framed for the murder.

Underlining the conflict between the two camps, the Kings and several prominent allies held a news conference in front of Mr. King's crypt in Atlanta on Thursday.

Mrs. King said she would appeal to President Bill Clinton to appoint an investigative commission to examine what she characterized as "new evidence and recent developments." Like South Africa's Truth and Reconciliation Commission, she said, the panel should provide immunity from prosecution to anyone with knowledge of the assassination.

"It is morally wrong to make Mr. Ray the scapegoat," she said, "when he has never had a trial and there is mounting evidence that others were involved."

Mr. Ray, 70, pleaded guilty to the murder in 1969 and received a 99-year sentence. Three days later, he recanted, saying he had been pressured by his lawyer to admit guilt in order to avoid the death penalty.

Mr. Pepper asserts that Mr. King was killed in a conspiracy involving the army, the FBI, a New Orleans-based Mafia family, and the Memphis police, all with the knowledge of President Lyndon B. Johnson.

## INDONESIA: Which Goes First? The Chicken or the Egg?

Continued from Page 1  
insecurity" in the coming year. The World Bank predicts that Indonesia might need \$3 billion in food aid to avert critical shortages this year. And President Suharto has acknowledged the growing problem, saying, "Even mothers can no longer be provided powdered milk for their babies."

The drought has caused immediate hardship to farmers, who make up nearly half the population. In some small plantations, farmers are cutting down their coconut trees to sell the wood. In some remote areas, people have been reduced to eating bamboo shoots and tubers.

Experts say they expect malnutrition to spread.

"I don't think we're facing mass starvation," said H.S. Dillon, who heads the private Center for Agriculture Policy Studies, but added that there would be millions of people who were really hard up.

With inflation, unemployment and bankruptcies squeezing the economy, it is food shortages that raise the most immediate fears of hardship and social unrest.

One worry is that shortages combined with unemployment could cause a surge of violent protests. In January and February, rising prices caused dozens of riots, mostly against shops owned by ethnic Chinese.

The World Bank calculates that there are enough basic foods here or en route to last through April. Beyond that, the future is uncertain.

Though it is rich in farmland and natural resources, Indonesia imports large portions of wheat, sugar and soybeans, a staple item here. These imports, sold at subsidized prices, have tempted Indonesians into dietary changes that will be painful to reverse.

Imported milk powder has transformed the diets of children, who now crave milk throughout childhood. "I tell my son: 'There is an economic crisis. You must drink less milk,'" said Emmi, a shipping clerk who pays four times more for a can of milk powder than she did in February. "But he just says, 'No, no, no.'"

The shortages are compounded by an emerging breakdown in the distribution system. With the increased cost of imported spare parts

and lubricants, large numbers of vehicles have been sidelined for want of a tire or a clutch.

In addition, many ethnic Chinese, who form the backbone of the country's commerce, have shut their shops and warehouses for fear of more riots or raids on their stocks.

Here at the Trio Poultry Farm, Mr. Cieng said he was still producing a few eggs — and losing money every day — in the hope that things might get better. Most of his coops stand empty, and most of his workers have already joined the millions of newly unemployed.

As for the chicken-and-egg question, he said, you can look at it either way. But either way, he said, "we're all going bankrupt together."

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# Herald Tribune

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## Follow-Through on Africa

President Bill Clinton put his 12-day trip to Africa to good use. His words on slavery, genocide and the struggle against apartheid resonated with American history and emotions. Mr. Clinton gave Africa new visibility and a more hopeful image.

He should now follow his messages of empathy with consistent political and diplomatic leadership. To help Africa effectively, Mr. Clinton ought to secure Senate support for his Africa trade and investment legislation, persuade congressional Republicans to restore foreign aid cuts and urge other Western leaders to write off the debts of some countries. He should also put more pressure on African leaders who thwart democracy, especially General Sani Abacha of Nigeria and Laurent Kabila of Congo.

The president usefully drew American attention to a continent that has too long been slighted by private investors, Washington policymakers and congressional aid committees. He repeatedly promoted a promising new vision of African development based on trade, investment and closer links to the global economy.

But private investment will not be enough to overcome decades of stagnation. The West and Japan must de-

liver on promises of debt relief for countries committed to reform, like Uganda, Burkina Faso, Ivory Coast and Mozambique. Forgiving debt lets these countries channel resources into social spending. The delay has come largely from Germany, Japan and Italy. Mr. Clinton should lobby their leaders at next month's economic summit meeting of the industrial democracies.

Reforming countries also need development assistance from the United States and other rich nations. The aid should be targeted to needs that private investment and domestic resources cannot meet.

Foreign aid can help overcome poverty and disease, and assist airport, road and seaport projects that attract more private investment. Recent U.S. cuts in development aid to Africa should be restored, bringing the total back to at least \$840 million a year, and American assistance should go mainly to countries committed to economic and political openness.

Democracy also needs American support throughout Africa. Where it exists, it is fragile. In the countries where most Africans live and most American trade and investment dollars go, democracy remains a dream.

—THE NEW YORK TIMES.

## The Papon Verdict

Maurice Papon, the second-ranking official of the Gironde region in Nazi-occupied France, was sentenced by a Bordeaux court Thursday to 10 years for complicity in crimes against humanity — the illegal arrest and deportation of Jews, almost all of whom were later killed. At the age of 87, Mr. Papon is the first high-ranking Vichy official to be tried since just after World War II, and is likely to be the last. The symbolism of his conviction is important.

His lawyers insisted that Mr. Papon had carried out the Nazi orders to arrest or deport Jews, mainly foreign-born, without enthusiasm, and that by collaborating he saved French Jews who would otherwise have been killed. The Nuremberg tribunals rejected a similar argument from Hitler's justice minister, Franz Schlegelberger. Midlevel

bureaucrats, who can always assert that worse things would have happened if they had not collaborated, make murderous regimes possible.

For decades France has clung to the comforting myth that the Resistance was the real France and that the Germans were to blame for Vichy's acts. Mr. Papon even served in postwar governments as Paris prefect of police and then budget minister. That myth has unraveled in the last few years, especially after the death of President François Mitterrand, himself a minor Vichy collaborator. As the first judicial decision establishing the guilt of an important Vichy official since immediately after the war, the Papon case will further France's progress in taking responsibility for its past.

—THE NEW YORK TIMES.

## Keep Heat on Hun Sen

Now that Cambodia's deposed prime minister, Prince Norodom Ranariddh, has been permitted to return to his homeland, other nations may be tempted to declare victory and ease up on the difficult job of restoring democracy there. That would be a mistake, and a betrayal of Cambodia's people. Prince Ranariddh's return is a welcome development, the result of dogged diplomacy by U.S., Japanese, Thai and other officials. But it is only a first step.

Cambodia's "second prime minister," Hun Sen, engineered the coup d'état last July that sent Prince Ranariddh fleeing. Many other politicians also sought safety abroad, and for good reason: More than 40 supporters of the prince who stayed behind were killed. Aid donors, who supplied half of Cambodia's budget, suspended much of their largesse, and the United Nations properly refused to seat Hun Sen's regime at the General Assembly last fall.

In an effort to escape this international isolation, Hun Sen has scheduled elections for July. But conditions for a fair and credible election do not yet exist — not even close.

No one has been brought to justice for the political murders of last summer, nor have the killings ceased. More than a dozen Ranariddh supporters

have been murdered since December, including one on the Saturday night before his return on March 30. Others have disappeared or been abducted, according to Human Rights Watch. Journalists have been threatened, and the press is cowed. In villages, few dare speak openly. The courts and election commission do not operate independently.

Prince Ranariddh's return followed a carefully arranged script: Hun Sen had his rival convicted in a show trial, and then the prince's father, King Norodom Sihanouk, issued a pardon. But the prince's presence will not mean much if he cannot rebuild his party, and that cannot happen if his followers live in fear of execution. The prince himself returned to Bangkok Friday, reflecting the pervasive climate of fear in Cambodia.

Elections can be credible only if human rights and poll monitors are permitted to return, if opposition politicians have access to a free press and if past murders and violations are punished. Outside friends of Cambodia are pushing for these conditions, and they may yet succeed. If they do not, they should maintain pressure on Hun Sen's regime and not settle for a phony, coup-validating vote.

—THE WASHINGTON POST.

## What Missile Launcher?

Americans sweating over their tax forms may take some Schadenfreude pleasure in learning that their government's own books are a mess.

We are not talking here about misplaced dividend payments. The Pentagon, for instance, cannot find a \$1 million missile launcher, or a \$460,000 floating crane that, like the missile launcher, should be hard to miss. Some departments have not allotted nearly enough for pension obligations, while others have greatly underestimated the costs of environmental cleanups.

All this is contained in an audit of the federal bureaucracy commissioned by Congress and released Wednesday by the General Accounting Office. The fact that the United States cannot ac-

count for billions of dollars in government transactions and property infuriated Republicans. Vice President Al Gore, of "reinventing government" fame, found cause for hope, however. He said the audit could be "a road map to help us solve these problems."

But that may take some doing. The GAO itself admitted that it was impossible to define the government's assets and liabilities with any precision. It also gave a passing grade to the accounting practices of only seven of 24 government agencies it audited.

President Bill Clinton may have proclaimed the end of big government, but big or little, it still needs to know how its money has been spent.

—THE NEW YORK TIMES.

## An Arrogant Careerist Who Just Followed Orders

By William Pfaff

PARIS — The verdict in France's trial of Maurice Papon for complicity in crimes against humanity — "guilty," but with a sentence of only 10 years — was apologetic rather than Solomonic. It followed from the realization by the jury and by much of the public that they had the wrong man.

They wanted a man of recognizable evil, defiant in his crimes or contemptible in his evasions. What they got was an arrogant old man whose crime was to have been a careerist.

While the jury convicted him of the charge that had been brought, they did not impose the full possible sentence, life imprisonment, nor even the sentence the prosecutor demanded, 20 years in prison. They gave him half that, although the distinction is probably moot, since the convicted is 87 and his heart is bad.

He will not go to prison until the case has been appealed, which means that he may never serve the sentence.

The trial was meant to educate the young about Vichy and France's implication in the deportation of Jews to the death camps. It may be questioned whether the education was necessary. The French by now know all about Vichy. The lesson actually taught was how complicated history is.

Maurice Papon's principal defender asked how he could be the accomplice of a genocide he did not know was being committed. The defendant him-

self asked how the prosecution could demand a penalty of only 20 years when it held him responsible for a crime against humanity.

"Can there be 10, 15, 30 or 60 percent of a crime against humanity? ... It is all or nothing. Either I am guilty or innocent."

Knowledge of genocide thus became an important but misleading issue in the trial. Some witnesses insisted that Mr. Papon had to have known what would happen to the deported Jews, or known enough.

Some of his contemporaries, who were in the Resistance, testified that they had not known, and that the Gaullist authorities in London did not know. On the evidence of its conduct, the American delegation to Vichy did not know.

(The United States recognized the Vichy regime as France's legitimate government from the start and did not formally renounce relations until January 1944.)

The most telling evidence about not knowing was quoted from Raymond Aron, one of the most distinguished modern political thinkers, himself a Jew, who was in London with de Gaulle.

Mr. Aron, who died in 1983, said that, at the time, extermination by the Germans of a whole category of humanity was unimaginable. Simply because it could not be imagined, no one

imagined it — until the Allied armies began to overrun the camps in 1945.

Mr. Papon did not have to know about death camps to know that something terrible was happening. He knew that these men, women and children were selected on "racial" grounds to be taken away toward something unknown and certainly bad. What was his justification for continuing to take part in Vichy's collaboration with the Nazis, when what he was doing resulted in self-evident evil?

He claimed to have been a resister. He said that he was able to do more for the Nazis' victims, and for the Resistance, by staying in office than he could have accomplished by leaving. Some witnesses agreed; some objected.

When the war was over and the Free French took control, he was summarily assessed to be fit to remain in the civil service. From that point he never looked back, except once. Many years later, when he had become a candidate for ministerial office but rumors of collaboration persisted, he submitted himself to an informal "court of honor" of Resistance leaders and was passed, but rather grudgingly.

At his trial he claimed to be the victim of a conspiracy, dominated by the Communists. He had been head of the Paris police late in the war in Algeria, when Paris experienced terrorism and riots protesting French policy. He said the Communists had hated him ever since

because, as head of the police, he was their most effective enemy.

He also implied that Jewish organizations were part of the conspiracy, making a symbol of him, so that in Bordeaux over the past six months it was not the man who was being tried but "the myth, elaborated over many years, and by expert hands!"

It nonetheless was one of the lawyers for the civil parties associated with the prosecution, Arno Klarsfeld, who surprised the court in his summation by proposing the 10-year sentence, saying that Mr. Papon did not deserve more.

This was an implicit acknowledgment that they had the wrong man.

They had an ambitious functionary. Mr. Papon administered a despicable collaboration with the Nazis, implementing a self-evidently evil policy of arresting and deporting people guilty of no crimes, to a fate that, whatever it was, would certainly be harsh.

He demonstrated the same amoral detachment and bureaucratic rigor that all across Europe in the 1940s made the organization and execution of great crimes possible. That was the crime proved, and the lesson taught. It is a crime that continues to be committed today.

The great crimes do not require great villains. They are committed by those who do not question.

International Herald Tribune

Los Angeles Times Syndicate

## Only in America: Frontier Justice and Bedroom Farce

By Jim Hoagland

WASHINGTON — The dismissal of Paula Jones's sexual harassment suit against President Bill Clinton now can only deepen the bewilderment the world feels over the longest-running bedroom farce playing on the global stage. Only in America.

That, thankfully, is the point of this whole mess. Modern communications link Uzbek tribesmen in Central Asia and German burghers in the Rhine Valley with the minute details of that day's ages in the Excelsior Hotel in Little Rock.

But to get it — to understand why Susan Webber Wright's summary judgment is the only logical and existential next step in the Clinton saga — you have to get America, in all of its legal and political glory.

This American essence was not immediately apparent. I was tempted by the theories that the giant national shrug Americans seem to be giving the Clintons' sex and real estate problems showed a Europeanization of U.S.

mores. After all, anything that got sex up to par with real estate as conversation fodder in Washington had to make the city more glamorous, more "foreign."

But the uniquely red-white-and-blue meaning of this ongoing story came to me as I tried to sketch the effect of the Wright ruling to a French television audience.

I began to describe the arcane relationships between the independent counsel statute and Arkansas law, and to say why I was sure Kenneth Starr would pursue this case to the last limbo despite Judge Wright's finding. But a small internal voice told me I risked missing the point. I was sure les teleauteurs were asking themselves:

How can America tolerate a statute that unleashes a pitiless Javert (or perhaps Savonarola, more in keeping with Mr. Starr's approach) against the ruler? How could the Supreme Court clear the way for the ruler

being sued while on the throne, and then have a minor magistrate scuttle the case? And where in the world does America find the hairdressers who do Jones, Lewinsky and Tripp?

I offer no view on that last one. But here I was, telling the French nation that Judge Wright had just declared that the tons of newsprint and centuries of television talk time devoted to Paula Jones did not amount to a legal hill of beans. Then why did you Americans go through it all? I could hear those teleauteurs demanding: To what end?

The question is especially pertinent since the conventional wisdom in Washington is rapidly becoming that Mr. Starr will not be able to indict the president and will send up a report on Clinton misbehavior that the House of Representatives will not have the stomach to use for impeachment hearings.

More tons of newsprint, centuries of talk and another in-

conclusive legal outcome. What good is that? they would again ask in Left and Right Bank salons. We who are artists thought you Americans were the pragmatists.

But that is the point about America. I found myself saying back.

America does abuse its rulers, systematically. Independent counsel laws and investigations that lead to public vilification, and little more, are in keeping with America's long distrust of centralized power and the nation's willingness to do anything to block anyone from rising above the law or too far above the herd.

Judge Wright's seemingly paradoxical ruling that the Jones suit — the pebble that unleashed the avalanche — should never have been tossed down the hillside in the first place is the essence of the American system.

As a nation we Americans constantly find unorthodox ways to remind our rulers that they are

men and women just like the rest of us. They do not have special rights to have \$200 haircuts on the runway in Los Angeles or to pay hush money out of the White House to Watergate burglars.

We pay an enormous price for this defiance and bloodying of power, in efficiency and even in money. We frighten many competent people away from public life. And we the public then wallow in disillusionment and cynicism, about the original scoundrels but also about the media and its professional ex-posers and the fundamentalist quacks we employ to investigate and pillory the mighty.

You are right to ask, monsieur et madame, to what end? But it is a way of reminding you, and ourselves, that frontier justice is always rough. It proves the fundamental American axiom: The price to be paid for distrusting power is always smaller than the price to be paid for worshipping it.

The Washington Post

## Lebanon Won't Let Israel Gloss Over the Golan Issue

By Judith Palmer Harik

BEIRUT — After almost a decade and a half in the quagmire of South Lebanon, Israel is finally considering ways of complying with UN Resolution 425 and withdrawing its troops.

However, as America learned when it withdrew from Vietnam, extrication is far from simple. Withdrawal alone did not resolve the outstanding general issues between the Americans and the Chinese. Those

were left for later negotiations between the adversaries.

Also, America's withdrawal did not provide guarantees for its local surrogates, who were left to face inevitable defeat by the Vietcong.

Israel, too, faces the question of what to do with its allies, the South Lebanese Army, which has been fighting the Iranian-backed Hezbollah guerrillas.

The toll taken on Israel's South Lebanese allies over the years of this war of attrition does not bode well for an immediate and uneventful reintegration of the area's Shiite and Maronite Christian communities.

Also, Israel could hardly be happy with the idea of offering asylum to its Lebanese allies, which would mean incorporating yet more Arabs into

its already seriously divided society.

This, and of course the issue of providing security for Israelis in the Galilee panhandle, are Israel's main problems in withdrawing.

Israel hopes that Beirut, grateful to reclaim territory and to end the possibility of further punitive raids by Israel outside the "security zone" (as happened in 1993 and 1996), will send its army to guard the border zone. Israel also hopes that Beirut will take steps to dismantle Hezbollah's military structure, something Israel itself was unable to do despite its vastly superior military strength.

But Prime Minister Rafik Hariri and Foreign Minister Faris Bouez of Lebanon have indicated that if Israel pulls out it must take its own chances — there will be no "cooperation with the enemy."

The Lebanese, whose foreign policy is closely linked with Syria's, regard a "comprehensive peace" as the only way of regularizing relations with Israel and achieving durable stability in the region.

That is, as long as the future of the Golan Heights — captured by Israel from Syria in 1967 — remains in limbo, affording Israel relief on one front makes little strategic sense.

The strategy of separating adversaries and seeking bilateral deals is being rejected firmly by Syria and Lebanon.

The Arab partners maintain that negotiations on the inter-related problems of South Lebanon and the Golan Heights were proceeding in good faith until they were interrupted by Israel.

Now the Netanyahu government insists that these talks begin from scratch, instead of where they left off under Israel's previous Labor government.

Since the Netanyahu government's reluctance to negotiate land for peace is well known, the Arab partners are hoping for continued diplomatic pressure on Israel to get the talks restarted on more advantageous terms — while making Israel pay the price of its political stance in continuing deaths and casualties in South Lebanon.

Only comprehensive negotiations and concessions can extricate Israel from its security problems in South Lebanon. Why should Lebanon make it easier for Israel to keep postponing the inevitable?

The writer, a professor of comparative politics at the American University of Beirut, contributed this column to the International Herald Tribune.

## Hezbollah's Busy Domestic Agenda

By Uri Dromi

JERUSALEM — For more than a decade, the official Israeli line has been that if Israel were to withdraw from the "security zone" it established in 1985 in a swath of Lebanese land along Israel's northern border, Hezbollah would launch attacks on Israeli kibbutzim and towns.

Now, however, Israel proposes to withdraw and is seeking guarantees from the Lebanese government that it will stop Hezbollah attacks in exchange.

In the last year, Israel has sustained the deadliest stretch of fighting since 1985 with Hezbollah, and more and more Israelis now question the value of the security zone.

It is a sharp turnaround, but one that makes sense. An analysis of the forces driving the region reveals that the traditional beliefs may be off-base and that Israel may well be able to withdraw without substantial danger to its northern residents.

Why? Because despite Hezbollah rhetoric that it would continue attacking Israel if Israeli troops left Lebanon, the group's attention would likely be diverted to the extremely messy internal Lebanese arena.

While competing groups in Lebanon now stand shoulder to shoulder in the fight against Israel, there is evidence that when Israel is no longer in the south they will turn on each other.

To be sure, the 1985 Hezbollah platform lists the liberation of Lebanon from the Zionist occupation as only a stage in the struggle to liberate Jerusalem and destroy Israel. And Sheikh Hassan Nasrallah, Hezbollah's secretary-general, said recently that Israel should not expect calm even if it leaves Lebanon.

But in the last 30 years, Israel's record of understanding the Arabs leaves much to be

desired. Israel did not anticipate the 1973 Yom Kippur War; Anwar Sadat's peace initiative in 1977 was perceived by some in Israel as a hoax.

Then, in 1982, Israel blundered into an invasion of Lebanon. Its subsequent occupation stoked Shiite Muslim animosity against Israel, one factor in the creation of Hezbollah.

Israel also failed to anticipate the Palestinian intifada, and when it did it was slow to understand its full significance.

It is thus reasonable to suggest that what Israeli military leaders believe would happen in Lebanon after an Israeli withdrawal may not be accurate.

Professor Emanuel Sivan of the Hebrew University of Jerusalem, an authority on Islamic radicals, says that within these movements, internal struggle often takes precedence over the fight against Israel.

It is likely that Hezbollah will decide that gaining power in Lebanon, its base, must take precedence over fighting an enemy that has retreated behind its own borders.

Hezbollah has many enemies among Lebanon's Christians and Sunni Muslims. Even with Amal, the main Shiite Muslim organization in Lebanon, there is bad blood.

Furthermore, an Israeli withdrawal would probably force Syria's Hafez Assad — the main power broker in Lebanon, with 35,000 troops there — to allow the Lebanese government to assume control of Southern Lebanon. Such a shift in the power structure in the south would force Hezbollah to pursue resources into maintaining its position.

Hezbollah was formed to help the oppressed Shiite in Lebanon, which is why Iran's Shiite leadership provided millions of dollars to the organization, funneled through Syria. The organization developed a military capability because no group in Lebanon can advance its interests without one, but it also devoted resources to building a social service network to help poor Shiites.

By invading Lebanon in 1982, Israel gave Hezbollah an external target. An Israeli withdrawal may result in Hezbollah's turning its attention to its original goals of improving the lot of Shiites in Lebanon and trying to impose an Islamic regime on that country.

Sheikh Mohammed Hussein Fadlallah, Hezbollah's spiritual leader, has demonstrated that assuming power in Lebanon is important to him. In spite of his previous ruling that Islam and democracy cannot be reconciled, he allowed Hezbollah to participate in the 1992 parliamentary elections. All eight Hezbollah candidates were elected to Parliament, becoming the largest single bloc.

Will taking part in the political game moderate Hezbollah? It's hard to say. But there is no question that politics will keep Hezbollah busy. Turning Lebanon, a corrupt, bourgeois, Westernized country, into an Islamic republic run by ayatollahs is an ambitious program that could take years to realize. And maybe, instead of Lebanon's being "Hezbollahized," Hezbollah might be "Lebanonized."

The writer is a retired colonel in the Israeli Air Force and a former director of the Israeli government press office. He contributed this column to the International Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1898: British Threat

YOKOHAMA — A Peking despatch says: "England has notified China that if the lease of Wei-Hai-Wei is refused, the British fleet will seize Port Arthur, regardless of Russia's lease. The fleet now assembling at Chefoo will consist of twenty-nine ships. Several English cruisers are already at and near Port Arthur." It is now probable that Japan will make no effort to prevent England taking possession of Wei-Hai-Wei.

### 1923: Soviet Savagery

PARIS — [The Herald says in an Editorial:] If there existed a Russian Isiah or Jeremiah he would now be the mouthpiece of destiny in denouncing the savagery of his Bolshevik countrymen. A fate of that description surely awaits the official slayers of the venerable Catholic Vicar-General of Pet-

rograd, after their defiance of all the Christian powers. It is not likely that the civilized Powers will make war upon Russia simply because her rulers have demonstrated that they are enemies of mankind. But the Russian Soviet may as well abandon all hope of recognition by any self-respecting nation.

### 1948: War Crimes Trial

THE HAGUE — The death penalty was asked against Hans Alwin Rauter, chief of the German security police, charged with war crimes committed in the Netherlands during the occupation. The prosecutor said: "The Dutch people saw Rauter as their greatest war criminal" who was responsible for the deportation of 11,000 Jews, of whom 6,000 returned. Rauter defended himself by saying he acted as a soldier and a personal representative of Heinrich Himmler, only executing orders from Berlin.

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# After Decade Away, Americans Cautiously Trickle Back to Beirut

By John Lancaster  
Washington Post Service

BEIRUT — In 1968, Sam Ibrahim left Lebanon for the United States. He acquired an American accent and, eventually, an American wife and passport. He joined Marriott International and climbed the corporate ladder, managing hotels in New York and Connecticut. Three years ago, however, Mr. Ibrahim and his wife, Marlaine, took a step that most of their friends regarded as, in her word, "nuts." They left their home in suburban Connecticut and moved with their teenage daughter to Beirut, where Mr. Ibrahim oversaw the completion and opening, in June 1996, of the city's first Marriott hotel.

"People in the United States have no idea what it's like here," said Mr. Ibrahim, the Marriott's general manager. "They have such a major misconception."

Seven years after the end of the Lebanese civil war and more than a decade after most Western residents fled the capital under threat of kidnapping or assassination, Americans are cautiously returning to the onetime "Pearl of the Middle East," which seeks to regain its prewar standing as the hub of commerce and financial services — not to mention fun — for the entire Arab world. Since the State Department lifted a ban last July on U.S. citizens traveling to Lebanon, the country has stirred growing interest from American businesses — chiefly construction and engineering firms — seeking to participate in its massive postwar rebuilding effort. The American Embassy last week reopened its consular section — closed since 1989. The city's first McDonald's is due to open in the autumn.

The biggest changes have occurred on the stunning, cypress-studded campus of the American University of Beirut, a beacon of American influence in the Middle East since its founding by Protestant missionaries in 1866. The university's new president, John Waterbury, is the first to live in Lebanon since 1984, when gunmen assassinated one of his predecessors, Malcolm Kerr. Other Americans are expected to rejoin the faculty this summer.

"We appreciate this step very much," said Prime Minister Rafik Hariri adding, "We would like to see more of the Americans, not just McDonald's. We want to see more investment, more visitors, more cultural exchange."

That could take awhile. In the absence of

a comprehensive Arab-Israeli peace, the security situation is still uncertain in Lebanon, especially in the south, where Israeli troops occupy a portion of Lebanese territory as a buffer against attacks on northern Israel. The State Department warns Americans to avoid the Bekaa and the southern suburbs of Beirut, both of which are strongholds of the Hezbollah movement, whose forces carried out numerous attacks on U.S. interests during the civil war.

Last October, while Mr. Waterbury was visiting Beirut in preparation for moving here, several sticks of dynamite were detonated on the American University campus. After the attack, which caused minor damage, Mr. Hariri called on Mr. Waterbury to assure him it would not be repeated.

Security considerations aside, Lebanon's investment climate is clouded by red tape and corruption, while oil states in the Gulf, such as Bahrain and the United Arab Emirates, have largely eclipsed the country in its traditional role as financial hub of the Middle East.

"I think the hardest thing for the Lebanese is to realize that it's not going to be the same as it was in 1972," said Monica Jubayli, 46, an American married to a Lebanese and a member of the American Women's Club, whose membership has slipped to 50 from about 600 in the 1960s. In contrast to the good old days, most of the Americans who currently live in Lebanon are married to Lebanese citizens or, like Mr. Ibrahim, of Lebanese origin.

Lebanon has long exerted a powerful pull on Americans. After World War II, the U.S. government funded generous scholarships for Arab students wishing to study at the American University and related institutions. In the early 1970s, the U.S. Agency for International Development gave the university \$12 million to \$16 million a year.

With the rise of oil-based economies in the Middle East, American businesses gravitated toward Beirut, which complemented its liberal banking laws with Western-style living and easy flight connections to Europe. The U.S. Navy's 6th Fleet made twice-yearly port calls, recalled Thomas Schuller, a former headmaster of the International College, who received a State Department exemption that allowed him to retire here in 1992.

"We were 4,000 or so," Mr. Schuller, 80, recalled of Lebanon's vibrant American community in the 1960s. "At that time, America was a beloved country." That changed during the civil war, when the United States' support for Israel earned it the lasting enmity of many Lebanese. The U.S. Embassy was bombed twice, in the most notorious incident, a suicide bomber blew up the U.S. Marine barracks in October 1983, killing 241 Americans.

Since the end of the civil war in 1991, calm has returned to much of Lebanon, partly because of the presence of 35,000 Syrian troops. Under pressure from Damascus, Hezbollah has gotten out of the kidnapping business and reinvented itself as a national liberation movement with seats in the Lebanese Parliament.

Major companies that have sent representatives here recently include Bechtel, Brown & Root, Parsons Brinckerhoff, Quade and Douglas, Dewberry Davis and Clark Construction, Motorola and Citibank, according to U.S. Embassy officials. International Business Machines is competing for contracts to help Lebanese ministries computerize. The U.S. Trade and Development Agency recently financed a \$130,000 study of the feasibility of converting two military airports to commercial use.

"I'd love to be here in five years," said Ambassador Richard Jones. "I mean, so much construction is going on, if peace really comes, and with it the restoration of Lebanese sovereignty, this place could really take off."

Helicopter Crashes in Central Istanbul  
Firemen working to get at a police helicopter that went down Friday after it reportedly was struck by water shooting up from a powerful fountain as it flew over the Golden Horn waterway. Three of the six officers aboard were killed; the other three were injured. The helicopter recently carried the prime minister.

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Arms Inspectors Uncover Nothing At 8 Iraqi Palaces  
The Associated Press  
BAGHDAD — United Nations arms inspectors have successfully completed the first round of searches of President Saddam Hussein's eight palaces, the head of the diplomatic group monitoring the visits said Friday.

The mission was completed Thursday night after a second visit to the Republican Palace, the seat of the Iraqi government, Ambassador Jayantha Dhanapala said.

"As far as the experts are concerned, they were able to fulfill their mandated task," he added.

The inspectors have been conducting a nationwide search since 1991 for information on Iraq's weapons of mass destruction, but were given access to the palaces only under an accord negotiated on Feb. 23.

They examined each of the 1,058 buildings inside the eight sites, but found most of them empty, even clear of furniture, said Charles Duelfer, the deputy head of the inspection team. He said that nothing prohibited was uncovered.

The diplomats will leave Baghdad on Saturday after agreeing on a report that Mr. Dhanapala will write and then submit to the UN secretary-general, Kofi Annan, in New York next week.

Antonio Monteiro, the Portuguese diplomat in the observers' group, said he saw a "good spirit of cooperation. The mission is accomplished."

Mr. Annan's envoy in Baghdad, Prakash Shah, said that "some blips did occur" during the inspections but that they had been sorted out in the diplomats' presence.

SWISS: Central Bank Plans to Fight Suit by Holocaust Victims to Retrieve Seized Assets  
Continued from Page 1  
Since the gold sold by Nazi Germany included both bullion looted from central banks in occupied Europe and gold stolen from Jews and other individuals, Swiss institutions have been under mounting pressure to repay far more than either the National Bank or the commercial banks have hitherto acknowledged.

The World Jewish Congress estimates that gold purchased by Switzerland during the war that had been stolen from individuals, including Jews sent to the death camps, would be worth \$1 billion at today's prices, said Elan Steinberg, the organization's executive director in New York.

In its statement, the Swiss National Bank sought to close off further discussion of those transactions, saying its wartime gold transactions were "the subject of a binding agreement under international law." The Swiss National Bank

and the Swiss government have always resisted suggestions that the Washington agreement should be re-examined.

The statement pointed to steps taken by Switzerland over the past two years as pressure had mounted on Swiss institutions from U.S. Jewish organizations, politicians, public finance officers and the Clinton administration to settle disputes with Holocaust survivors.

During that period, Swiss private banks, the National Bank and some industries set up a \$180 million fund for needy Holocaust survivors.

The pending lawsuit, however, could well increase pressure on the Swiss National Bank to join the "global settlement" of last week that is to be negotiated by Credit Suisse, Union Bank of Switzerland and the Swiss Bank Corporation with class-action lawyers and the World Jewish Congress.

Japan: U.S. Urges Tokyo to Change Policy  
Continued from Page 1  
of the measures his government intended to take.

In its credit warning, Moody's said it had altered its outlook on Japanese debt from "stable" to "negative" and may cut the country's top-flight credit rating. Such a downgrade of sovereign debt, virtually unprecedented for a major industrial country, would raise the cost of borrowing and further undermine the Japanese economy.

"Japan's plight hangs over this region like the sword of Damocles," said Bill Kaye, managing director of the Pacific Group fund-management firm in Hong Kong. "Unless Japan makes the necessary policy changes, there is a systemic risk that all Asian currencies will be revisiting their lows."

As one of Asia's largest regional investors and lenders as well as an important buyer of exports, trouble in Japan would delay recovery for the region's crisis-hit economies. Further currency turmoil in the region would force up interest rates, suffocating companies already struggling to repay loans.

Moody's said its move "reflects uncertainty about the ability of the authorities to achieve a policy consensus that would help promote a return to economic growth and fiscal balance."

It added that "continued weakness in domestic economic activity and emerging deflationary pressures" in Japan probably would "further aggravate long-standing structural weaknesses in the financial sector."

After the Moody's report, the dollar rose above 135 yen, its highest level since September 1991. The yen recovered only after the Bank of Japan intervened. (Page 10)

Tokyo stocks dropped 3.3 percent, and South Korean stocks fell 4.2 percent as that country's currency, the won, slid 2.3 percent to a rate of 1,446 to the dollar. Stocks and currencies also fell in Singapore, Thailand, Malaysia and the Philippines. Hong Kong stocks fell, and there was renewed concern over

the territory's dollar-pegged currency. On Thursday, the Bank of Japan issued a pessimistic report on Japanese business confidence, which it said had fallen to a four-year low. Sony Corp.'s chairman, Norio Ohga, angrily accused Japanese policymakers of pushing the economy to the verge of a "collapse," that he said could trigger a "world recession."

Given Japan's problems, economists sketched two bleak scenarios Friday for Asia's short-term economic future: In the best case, economic realities highlighted by Japan's problems would wipe out recent gains made by the South Korean won and Southeast Asian currencies. In the worst case, a deep Japanese recession would spark off an economic and currency crisis with global reverberations.

"There is still time for the Japanese to avoid the worst case," said Cliff Tan, director of Asian economics at SBC Warburg Dillon Read, "but the current policymakers don't seem to be able to make changes. Right now the prospects do not look good." Even without more bad news, Japan's weakening currency could set off another round of regional currency devaluations, economists said.

A continued fall of the yen against the dollar — it has fallen about 4 percent this week — would muffle the impact of devaluations already made by Asia's crisis-hit countries and deny them a major market for their exports. Japanese and South Korean companies compete in many areas, and Japan buys more than 10 percent of the exports from each of the major economies of Southeast Asia.

"The rally of Asian currencies we've seen over the last two months was based only on the sentiment that policy changes will eventually be made," said David Fernandez, an economist at J.P. Morgan. "The real economic news — that exports are not picking up — has been bad."

Japan's troubles also could be exported if its banks refuse to open loans to the rest of Asia just when the region's exporters are in dire need of working capital, he said.

## Germans Want to Charge Le Pen With Stirring Hate

By Charles Trueheart  
Washington Post Service

PARIS — The problems of Jean-Marie Le Pen, the leader of the far-right National Front in France, multiplied Friday as the prosecutor's office in Munich asked the German government to seek to lift his parliamentary immunity so he can be charged with inciting racial hatred.

The request is to be passed on to the European Parliament, where Mr. Le Pen is one of 11 National Front members. The prosecutor acted after Mr. Le Pen, in Munich in December, repeated a statement that the systematic extermination of 6 million Jews in World War II would be remembered as a "detail" of history.

In December, a French court fined Mr. Le Pen 300,000 francs (\$50,000) for the Munich statement, which was nearly identical to one he made in France 11 years ago and for which he was fined even more heavily. He and other National Front leaders have been censured frequently by French courts for making anti-Semitic or racist remarks.

Reacting to another setback, Mr. Le Pen said Friday that he would appeal a French court ruling denying him the right to hold office for two years. He hinted at a government scheme to suppress his political movement when it is showing its latest ripple of strength.

"It's only in totalitarian countries that courts are used to eliminate political adversaries of the powerful," Mr. Le Pen said a day after a judge ruled that he had shoved and insulted a Socialist candidate running against his daughter in last year's national legislative campaign.

The incident occurred in Mantes-la-

Jolie, a tightly contested constituency near Paris, at a rally for Marie-Caroline Le Pen, the National Front candidate.

Witnesses and video footage indicated that Mr. Le Pen and his bodyguards accosted a group of demonstrators that included Annette Peulvast-Bergeal, the Socialist candidate and eventual victor in the district.

"We've had it up to here with you," Mr. Le Pen said to Madame Peulvast-Bergeal, yanking the tricolor scarf around her neck and pushing her to the ground while shaking off efforts to break up the melee. He and his bodyguards also punched and verbally abused other demonstrators, the court found.

The judge's ruling also stripped Mr. Le Pen of the right to vote, fined him 23,000 francs and gave him a three-month suspended prison sentence. The judgment could mean he will have to give up his seat in the European Parliament and his place on the regional governing council in southern France, the political base of the National Front.

Mr. Le Pen's party, which these days draws 15 percent of the vote in French elections by espousing a credo of nationalism and racial purity, has rolled the political waters here in recent weeks.

The center-right presidents of five regional councils elected March 15 wrested power from the Socialists, the top vote-getters, by accepting the support of National Front councilors.

The controversial deals were the first concrete admission by the French mainstream right that it may have to do political business with a party that the French establishment is loath even to recognize.

Christian Democrats of Chancellor Helmut Kohl in the voting, they will need an allied party to control the Bundestag and take office. The Greens, with their limited party discipline and declining position in the polls, would appear to be an increasingly complicated candidate for a stable government alliance.

This has meant that Mr. Schroeder almost on a daily basis has had to soften, but not renounce, his earlier remark that he could lead a government with the Greens even if the coalition had only a single seat advantage in Parliament. For Mr. Fischer, these circumstances exemplified what he said was "the chameleon" aspect of the Social Democrat candidate's politics.

"He wants to win," Mr. Fischer said, "never mind with whom. He likes the idea of a grand coalition with Christian Democrats if he is the senior partner. But it will be very difficult for him to win more seats than the CDU."

The criticism of Mr. Schroeder came as Mr. Fischer described himself as a man who, if he became foreign minister, would faithfully represent the government and the interests of the country. There would be no experiments, he said, and only continuity because "Germany is too big and too important to make experiments."

The notion that Mr. Fischer could become foreign minister in an Social Democrat-Green coalition is widely accepted as a serious possibility throughout the party landscape in Bonn. Social Democrat sources, however, say that after having praised Mr. Fischer as a "smart strategic thinker," Mr. Schroeder's preferred choice now would be Rudolf Scharping, the Social Democrat parliamentary leader.

When he was asked about the Social Democrat leader's concept of a power-sharing triangle including Britain — Mr. Schroeder has described the French-German relationship as "irreplaceable," but also as "policy that lives on in this obligatory way" — Mr. Fischer dismissed Mr. Schroeder's foreign policy skills and offered a strong defense of the special German ties to France.

"France is frightened of the economic strength and the strengthened political position of a unified Germany," Mr. Fischer said. "It is a very proud country with some sort of German trauma. But the miracle is that Germany and France manage to work together, and this is what pushes Europe forward."

## Ex-Official at CIA Charged as a Spy And Extortionist

Reuters

WASHINGTON — Prosecutors said Friday that a former CIA employee, Douglas Groat, had been charged with espionage and that his lawyer had pleaded not guilty on his behalf to five charges, two of which could carry the death sentence.

A federal court in Washington ordered Mr. Groat held without bond until Thursday, when another hearing will take place.

A prosecutor, Eric Dubelier, said Mr. Groat could try to flee, was a danger to the community and had sensitive information that could gravely damage U.S. interests.

One of the charges is that Mr. Groat, who worked at the Central Intelligence Agency for 16 years, tried to extort more than \$500,000 from the CIA in return for not revealing secrets to foreign governments.

"During Groat's employment with the CIA he participated in classified covert operations aimed at the penetration of cryptographic systems of foreign governments," said a U.S. attorney, Wilma Lewis.

He allegedly passed to two unidentified foreign governments "national defense information relating to CIA targeting and compromise" of those governments' cryptographic systems.

The alleged unauthorized disclosure of these activities could have a significant impact on the national security of the United States," Ms. Lewis said.

PAPON: Ordered to Pay Fees and Damages  
Continued from Page 1  
trial in modern French history, lasted six months and cost at least 15 million francs, according to estimates by legal authorities in Bordeaux that were made public Friday.

The estimate did not include the cost to the state of providing bodyguards for Mr. Papon, who still has them, or of the 150 police officers who reinforced security at the courthouse throughout the proceedings.

The national police chief of the regime in Vichy, Rene Bousquet, was assassinated in 1993 before he could be tried on similar charges.

The only other Vichy figure to have been tried on charges of crimes against humanity was Paul Touvier, an official of the paramilitary police force, who was convicted in 1994 of ordering the execution of seven Jews near Lyon and sentenced to life in prison, where he died.

The lawyers' demand for payment, like the verdict, left mixed feelings. Michel Sinitzky, a Polish-born Jew

## GREENS: Leader Assails Schroeder

Continued from Page 1

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Mr. Schroeder has also said that he would change nothing in the quality of the present German-American relationship.

whose research turned up many of the documents that first incriminated Mr. Papon in 1981, said, "I'm a little shocked, it turns my stomach somewhat. The lawyers had all the incriminating documents brought to them on a platter."

"The case has become a commercial jumping-off point for them, and now they can attract new clients."

On Mr. Papon's authorization, Mr. Sinitzky was rounded up in 1942 by the French police, accompanied by German officers, but managed to escape internment and eventual transfer to Auschwitz.

The Nazi hunter Serge Klarsfeld, whose son Arno represented some of the victims and also presented a bill, said Friday that Mr. Papon, a former government minister and prefect of police in Paris, had probably structured his financial affairs in a way that made it unlikely that the lawyers or the victims would ever see much money.

Mr. Papon's wife, who was 88, died last week.

## SWISS: Central Bank Plans to Fight Suit by Holocaust Victims to Retrieve Seized Assets

Continued from Page 1

make an out-of-court settlement." A report by an independent inquiry of Swiss historians reported last December that the Swiss National Bank bought \$389 million worth of gold — at wartime prices — from Nazi Germany, while a further \$61 million went through private Swiss banks. At today's prices, those figures would be multiplied roughly ninefold.

The Swiss National Bank estimates its own wartime purchases of Nazi gold at 1.2 billion Swiss francs — or \$280 million, at wartime exchange rates — and acknowledges that it was the largest purchaser of gold from Germany's Reichsbank. But, under an agreement reached with the United States and other Western powers in Washington in 1946, the Swiss authorities agreed to pay back only \$58 million.

Britain Promises Compensation  
Britain apologized Friday for "insensitive" treatment of 25,000 victims of Nazi Germany whose assets were seized during the war, and promised a new compensation plan, The Associated Press reported from London.

Margaret Beckett, president of the Board of Trade, said the claims program planned to pay \$100 million owed to former victims of the Nazis, mainly Jews from Eastern Europe.

During the war, under legislation aimed at cutting off funds for Germany, the government froze the assets of thousands of people who had transferred their wealth to bank accounts in Britain to protect them from confiscation by the Nazis. The funds have been held since then in Britain's central bank, which is paying out the claims.

## BRIEFLY

### Ranariddh Voices Doubt on Elections

PHNOM PENH — Ending his first visit to Cambodia since being deposed as first prime minister, Prince Norodom Ranariddh on Friday demanded improved security for July elections and raised the question of their fairness.

"I am not sure we will have elections or that they will be free and fair," he said at a news conference before leaving for Bangkok.

His five-day visit, brokered by Japan in an effort to ensure a credible vote, was marked by daily street clashes between hundreds of his supporters and opponents, and the prince was seldom able to leave his hotel.

"How can I say that I'm conducting an electoral campaign from a room in the hotel?" he said. (AP)

### Veteran Dissident Seized in Beijing

BEIJING — Police detained a longtime opposition activist Friday who had asked the government to stop harassing dissidents and to authorize the formation of independent trade unions and a human-rights monitoring group.

Several police officers took Xu Wenli away for interrogation, said his wife, Ke Xintong. They said it was because of his "illegal activities," she said. (AP)

### General Is Arrested As Chiapas Shirker

MEXICO CITY — A Mexican Army general has been arrested for allegedly failing to intervene to stop a massacre last December of 45 Indians in southern Chiapas state by paramilitary gunmen.

At the time, Julio Cesar Santiago Diaz, who was arrested Thursday, was acting chief of staff of the Chiapas state police. (Reuters)

### High Court Clears Pakistani Leader

ISLAMABAD, Pakistan — The Supreme Court threw out contempt charges against Prime Minister Nawaz Sharif on Friday.

The charges, filed last year after he criticized a ruling of the court, set off a dispute that led to the removal of his primary adversaries, Chief Justice Sajjad Ali Shah and President Farooq Leghari. (AP)

## ND 50 YEARS AGO

trial, after their defiance of all Christian powers. It is not only that the Christian Powers make war upon Russia, but because their rulers have not been able to do so. But the Russian of Moscow, as well as the Soviet of Moscow, is a self-respecting nation.

## 43: War Crimes Trial

EHAGLE — The death penalty was asked against Hans Al Rauter, chief of the German army police, charged with crimes committed in the Netherlands during the occupation. The prosecutor said: "The death penalty was asked against the man who was the most responsible for the deportation of 10,000 Jews, of whom 6,000 died in the gas chambers. Rauter was a soldier, a soldier of the German army, and a personal representative of Heinrich Himmler, only using orders from Berlin."

## ART

## Something for Everyone in the Finnish Wonderland of Music

By Barry James  
International Herald Tribune

**H**ELSINKI—Finland turns out great musicians—composers, conductors, singers and instrumentalists—the way France produces great chefs. And each summer, when the living is intense between the long, harsh winters, the country puts on one of the richest array of music festivals catering to most tastes.

What makes this thinly peopled nation of 5 million such a cultural powerhouse?

Lassi Rajamäki, rector of the Sibelius Academy here, offered an explanation: "In terms of population," he said, "Finland is a small country. If we didn't have our culture and our language and our art you could almost say that we don't exist at all."

The academy, one of the world's largest and most advanced musical training centers, with 1,700 students and 600 full or part-time teachers, is at the pinnacle of a dense musical network. Finland has 150 special music schools, 11 conservatories, 30 orchestras of which several reach international level, and 11 permanent opera companies. Perhaps just as important, classical music has an audience.

"If you have a good school system,



The composer Aulis Sallinen.

you have a lot of professional performers, and you also have many people who never become professionals but become active concert goers," said Risto Nieminen, the artistic head of the many-sided Helsinki Festival.

The system is aimed not only at the

young, but also encourages adult music-making. Finland has a particularly rich tradition of choral music. Even during a severe economic recession in the beginning of the 1990s, the Finnish government continued to spend generously on the arts, including the completion of the Helsinki opera house and a program of public grants for young composers.

The Sibelius Academy teaches jazz, folk or church music as well as the classical idiom. It even offers courses for rock group managers.

Rajamäki says he encourages interaction among the various musical forms taught at the academy. Early next century, the school will move into a new center and concert hall in central Helsinki that will be designed to promote such cross-fertilization, he said.

One of the academy's leading professors, who enjoys almost guru status, is the conductor Jorma Panula, who teaches in an informal, almost instinctive, manner that orchestra leaders need to be inspired rather than tyrannized into giving their best. Panula has taught most of the current crop of brilliant Finnish conductors, including Esa-Pekka Salonen at the Los Angeles Philharmonic, Jukka-Pekka Saraste at the Toronto Symphony and Sakari Oramo, who is taking over from Simon Rattle as music director of the Birmingham Symphony in England.

Jean Sibelius put Finnish music on the map. And the country's music scene still is strongly influenced by composers who have managed to bring up to date the 19th-century tradition of formal symphonic structure and melody—people like Aulis Sallinen, Einar Englund and Kalevi Aho. A group of younger composers calling themselves the "Ears Open Society" has succeeded in broadening the horizons of Finnish music and awakening a public interest in modernism.

The Finns sit uncomfort-

ably between two powerful neighbors, Sweden to the west and Russia to the east, and have managed to integrate a variety of diverse influences in their music while keeping an original national identity. The most popular classical record in Finland at the moment, incidentally, is a collection of Orthodox hymns by the Novospassky monastery choir in Moscow, despite the fact that Finns stoutly deny any influence from Russia, which ruled here until 1917. The second most popular disk is a selection of German lieder sung by the soprano Karita Mattila, one of the biggest names on the country's operatic scene.

Finland's most popular musical form, far from its roots on the River Plate, is the tango. More than 100,000 people are expected at the Seinäjoki tango festival

in July. And the Savonlinna festival from July 4 to August 2 has in the past 30 years become one of the world's most important opera celebrations. Productions this year include "Tanhauser," "Cavalleria Rusticana" and "Pagliacci." "La Forza del Destino" and the Convent Garden performances of "Peter Grimes" and "I Masnadieri."

Sonny Rollins is one of the main attractions at the Espoo jazz festival next month. The town of Imatra is holding a big band festival from June 27 to July 4, and there will be more jazz at Pori from July 11 to the 19th. The brass band week at Lielksa at the end of July this year will celebrate the trombone.

Most of the festivals take place in July, the Finnish vacation month. When

they return to the capital, Finns can still look forward to the 17-day Helsinki Festival, from Aug. 21 to Sept. 6. Attractions include rock, jazz and world music festivals.

The city this year is celebrating the 100th anniversary of its best-known architect, Alvar Aalto, whose Finlandia Hall will be the scene for a series of classical concerts by world-class orchestras. The hall, a masterpiece of light and airy space, recently reopened after a \$5 million renovation intended to remedy its acoustic deficiencies. Visitors will also be able to see the city's new museum of contemporary art, scheduled to open in May.

A full list of Finnish music and arts festivals is available on the Internet at [www.festivals.fi](http://www.festivals.fi).

## Inge Morath Keeps Her Distance

By Sarah Boxer  
New York Times Service

**N**EW YORK—Documentary photography is like sharp-shooting. What counts is not just what is shot, but how, where, with what

weapon and at what distance.

Every photographer, Inge Morath explained, has an innate sense of distance. Robert Capa once said, "If your pictures aren't good enough, you aren't close enough." Henri Cartier-Bresson liked four meters between himself and his subjects, she said. Her own favorite distance is four meters, too, "but sometimes closer and sometimes farther." One thing she is certain of: "I don't zoom."

It is good to think about distance when looking at

Morath's exhibition at the Leica Gallery in Manhattan, because spatially her work is a paradox. It invites the question: How close can you get and still seem distant?

Morath, a 75-year-old Austrian-born photographer, has taken pictures of bullfighters in Pamplona, models in Paris, Bedouins in Baghdad, napping Muslims in Isfahan, soldiers in Hangzhou and Marilyn Monroe and Arthur Miller (when they were still married) on the set of "The Misfits."

She has been a member of the Magnum photo agency since 1954. But she is not fixed on the decisive moment, like Cartier-Bresson, and she is not the intense dramatist that Capa was. Instead, she said, "I like to get people to be themselves." Sometimes that means drawing close enough

for a portrait, then waiting until she becomes invisible. By then, the dramatic moment, the tension, may have passed.

Morath said she loves artists and writers because they are independent and wary of intruders. But you wouldn't guess it from her photographs. Though her portrait of her husband, Arthur Miller, staring at something in his hand looks private and affectionate, her portraits of Giacometti and Jean Cocteau are notably cool. Why? Because she waits for her subjects to lose interest in her camera. Her portrait of Cocteau, she explained, was taken after he had posed everywhere in the room. Finally, she said, he got tired and perched himself on a ledge near the fireplace. "He was intent on something

else," looking in one direction and pointing in another.

Despite Morath's preference for invisibility, her most entrancing shots are the ones in which her own presence is palpable. The photograph that made her reputation, taken in London in 1953, was a picture of a Mrs. Eveleigh Nash sitting in a coach, wrapped in furs, rugs and veils and attended by a protective driver standing outside the coach.

They are both staring straight at the photographer. The photo, a kind of three-way standoff, would have lost its edge, and its commentary on the bond between masters and servants, if Morath had waited for them to act natural.

"Inge Morath: A 75th Birthday Celebration" remains at the Leica Gallery, 670 Broadway, through May 2.

## BOOKS

## FROM THE HOLY MOUNTAIN: A Journey Among the Christians of the Middle East

By William Dalrymple.

483 pages. \$30. Henry Holt.

Reviewed by Michael Dirda

**W**HILE reading "From the Holy Mountain" I was periodically tempted to pronounce the magic words: William Dalrymple is as good a travel writer as Bruce Chatwin. Certainly, this splendid book should take its rightful place on the same shelf as Chatwin's "In Patagonia." Robert Byron's "The Road to Oxiana," Peter Fleming's "Brazilian Adventure" and Eric Newby's "A Short Walk in the Hindu Kush."

Like these similar classics, "From the Holy Mountain" features a young, attractive hero, a fund of amusing incidents and a peppering of real danger to lend piquancy.

But the Scots-Catholic author of this "Journey among the Christians of the Middle East" also displays a marked moral seriousness: While Chatwin, at his best, feels serenely timeless, Dalrymple is distinctly timely.

Starting from Mount Athos—the Holy Mountain—the author of the award-winning "City of Djinns" (a portrait of Delhi) hopes to retrace the wanderings of a seventh-century Orthodox monk named John Moschos. In a once-famous book, "The Spiritual Meadow," Moschos recorded not only sayings, anecdotes and miracles of the desert fathers he met, but also much about the social conditions of his time, creating, in Dalrymple's words, "the most rich and detailed portrait that survives of the Byzantine Levant immediately before the advent of Islam." On his own 1994 journey Dalrymple aims, insofar as possible, "to sleep in the same monasteries, to pray under the same frescoes and mosaics... God willing,

John Moschos will lead me on, eastwards to Constantinople and Anatolia, then southwards to the Nile and thence, if it is still possible, to the Great Kharga Oasis, once the southern frontier of Byzantium."

That last sentence, rich with the poetry of antique places, hints at Dalrymple's lyric side, but any expectation of a sentimental journey is soon dispelled. On Mount Athos itself, that most revered of monasteries, Father Christophoros explains that "three years ago, in the middle of winter, some raiders turned up in motorboats.... They had Sten guns and were assisted by an ex-novice who had been thrown out by the abbot. They got into the library and stole many of the most ancient manuscripts; they also took some gold reliquaries that were locked in the sanctuary." The whole tenor of "From the Holy Mountain" lies implicit in those sentences: The God-trusting, spiritual ideals and holy lifestyles of centuries

past are finally being overwhelmed by nationalist extremists and religious zealots. John Moschos glimpsed the beginning of this gradual extinction of a Christian presence in the Middle East, while Dalrymple slowly acknowledges that he is seeing the beginning of the end.

In southeast Turkey the Syrian Christians were caught in the crossfire of a civil war, a distinct ethnic group trodden underfoot in the scummeled between two rival nationalisms, one Kurdish, the other Turkish.... In Lebanon, the Maronites had reaped a bitter harvest of their own sowing: their failure to compromise with the country's Muslim majority had led to a destructive civil war that ended in a mass emigration of Christians and a proportional diminution in Maronite power. The dilemma of the Palestinian Christians was quite different again. Their problem was that, like their Muslim compatriots, they were Arabs in a Jewish state, and as such

suffered as second-class citizens in their own country.... Only in Egypt was the Christian population unambiguously threatened by a straightforward resurgence of Islamic fundamentalism."

Despite a periodic and unavoidable grumpiness—tales of children machine-gunned, monks hacked to death, religious communities dispersed—this book transports the fascinated reader smoothly into a vanishing world. In particular, Dalrymple excels at interlarding anecdotes from "The Spiritual Meadow," vignettes of eccentric characters, his own personal misadventures and considerable serious reporting.

Washington Post Service

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**Belgium Unitarian Universalist Fellowship** A group of religiously liberal Americans and Europeans meet the 3rd Sunday evening of every month in Brussels. Please contact Václav Roubicek-Gassler at (+32) 2 650 0225 or at email address: 1004102125@compuserve.com.

**Netherlands Unitarian Universalist Fellowship** Meets 1st Sunday of the month at 13:00 in Wassenaar. For information call (+31) 20-945-9513 or e-mail to [nibdgang@vsnl.nl](mailto:nibdgang@vsnl.nl).

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The Heidelberg Fellowship meets on the 2nd and 4th Sundays of each month (except in the summer) at the US Army Chapel in Pöthen Barockstr. 2 p.m. or 14:00. For information, contact Bruce or Carolyn Saunders at (+49) 6224-83196. UU Fellowship of the Kaiserlautern Military Community - meets the 2nd and 4th Sunday of the month at Chapel 2 on Remstein AS. For information call Gerry Andrews at (+49) 6371 17878 or email to [gandrews@kaiserlautern.us.af.mil](mailto:gandrews@kaiserlautern.us.af.mil).

These fellowships get together twice a year for retreat. The Spring Retreat is being hosted by the Netherlands Fellowship. The event is April 24-26, 1998 and is being held in Spa, Belgium. For more info contact Cathy Trusey at (+31) 35 633 2383 or email [cc@rednet.nl](mailto:cc@rednet.nl). For general information about European Unitarian Universalists check out our web page at <http://www.worldwide-uu.org>.

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## FULL-SCALE EFFORT By David J. Kahn

**ACROSS**  
1 Outputs from El Chichón  
6 Belyached  
12 The Scauge of God  
18 Cassandra, e.g.  
20 Additions at school?  
22 Neptune satellite  
23 Conductor  
24 Georg got high praise from his peers?  
26 Like a solar event  
27 Parachute  
28 Come-ons  
29 Hides  
30 Go-carts  
32 Curtain material  
35 Chunk  
37 Half of a Vegas duo  
38 D.C. figures  
39 Wiped out  
43 "Blueberry Hill" singer is the only party person in the family?  
50 Analogous (to)  
51 "Bravo!"  
52 King's title, for short  
53 Baseball's Caminiti  
54 Borden  
55 Bonaparte aide  
56 prefix  
58 Change for the better  
59 Overbrow  
64 O.T. book read at Purim  
66 Antiquated  
68 Japanese violinist is bored by her Calif. performance?  
75 Church assembly  
76 Small field  
77 Computer language  
78 Virile  
81 —ghost  
83 "7 Faces of Dr. —" (1964 movie)  
85 Salos stuff

86 Clay, now  
87 Some radios, for short  
90 Thin skin  
93 Stadium level  
94 Rap Queen loves her supporters?  
98 Lender's protection  
99 Fan sounds  
100 Amalgamate  
101 —Cat  
102 Super Bowl M.V.P. Brett  
104 Show biz's Peggy and Mimi  
107 Twilight, old-style  
111 Composed notation  
114 "The Wild Duck" playwright  
116 Given to burrowing, maybe  
118 Pianist Ruth's audience knows exactly when to clap?  
122 Armpit, anatomically  
123 One surrounded by raised hands  
124 Tampa neighbor  
125 Sotheby's visitor  
126 William Jennings—"Cross of Gold" speech  
127 Mosquito type

13 Chirrup  
14 Most well-kept secret  
16 "St. Elmo's Fire" actor  
17 Raggedy — (doll)  
19 Newt  
21 Drivel  
24 Component of "bully loader"  
25 Redresser  
31 "Beat the Clock" TV host  
32 Glanced at  
34 Ferry terminus, maybe  
36 Salsan  
38 Marginal notation  
40 Get off on  
41 Composed  
42 Make (one's way)  
43 Fact or factoid  
44 Safari sight  
45 Kind of review  
46 Mail or fax  
47 Injury around a horse's hoof  
48 News head  
49 Hindu incarnation  
57 Birds-leather link  
58 Best-selling computer game  
61 Nibble  
62 Stand in the sun, say  
63 German one  
65 Wriggly creature  
67 Develop  
68 Traffic caution  
70 Freudian concerns  
71 Jaguars and such  
72 "Live free —" (New Hampshire motto)  
73 Snowfall  
74 Lulus  
75 Retailer's place  
79 Game ending?  
80 Give an example  
82 Group of poems

84 Service sites  
88 Sportscaster Albert  
89 "Funny Girl" co-star  
91 Weather stats  
92 Maximum limits?  
93 English novelist Anthony  
95 Where home is  
96 Adar's predecessor  
97 Food eaten  
103 Confuse  
104 French equivalent of the Oscar  
105 Impatient  
106 Prince, e.g.  
108 Made smooth, in a way  
109 "Go fly —"  
110 Old Persians  
111 Hunk  
112 Shout in bed weather?  
113 Saharan  
115 Kind of appeal  
117 Some football lineamen: Abbr.  
119 Scull  
120 "Give — rest!"  
121 Blocks

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## Solution to Puzzle of March 28-29

1. TATU 2. PAPA 3. PAPA 4. PAPA 5. PAPA 6. PAPA 7. PAPA 8. PAPA 9. PAPA 10. PAPA 11. PAPA 12. PAPA 13. PAPA 14. PAPA 15. PAPA 16. PAPA 17. PAPA 18. PAPA 19. PAPA 20. PAPA 21. PAPA 22. PAPA 23. PAPA 24. PAPA 25. PAPA 26. PAPA 27. PAPA 28. PAPA 29. PAPA 30. PAPA 31. PAPA 32. PAPA 33. PAPA 34. PAPA 35. PAPA 36. PAPA 37. PAPA 38. PAPA 39. PAPA 40. PAPA 41. PAPA 42. PAPA 43. PAPA 44. PAPA 45. PAPA 46. PAPA 47. PAPA 48. PAPA 49. PAPA 50. PAPA 51. PAPA 52. PAPA 53. PAPA 54. PAPA 55. PAPA 56. PAPA 57. PAPA 58. PAPA 59. PAPA 60. PAPA 61. PAPA 62. PAPA 63. PAPA 64. PAPA 65. PAPA 66. PAPA 67. PAPA 68. PAPA 69. PAPA 70. PAPA 71. PAPA 72. PAPA 73. PAPA 74. PAPA 75. PAPA 76. PAPA 77. PAPA 78. PAPA 79. PAPA 80. PAPA 81. PAPA 82. PAPA 83. PAPA 84. PAPA 85. PAPA 86. PAPA 87. PAPA 88. PAPA 89. PAPA 90. PAPA 91. PAPA 92. PAPA 93. PAPA 94. PAPA 95. PAPA 96. PAPA 97. PAPA 98. PAPA 99. PAPA 100. PAPA 101. PAPA 102. PAPA 103. PAPA 104. PAPA 105. PAPA 106. PAPA 107. PAPA 108. PAPA 109. PAPA 110. PAPA 111. PAPA 112. PAPA 113. PAPA 114. PAPA 115. PAPA 116. PAPA 117. PAPA 118. PAPA 119. PAPA 120. PAPA 121. PAPA 122. PAPA 123. PAPA 124. PAPA 125. PAPA 126. PAPA 127. PAPA 128. PAPA 129. PAPA 130. PAPA 131. PAPA 132. PAPA 133. PAPA 134. PAPA 135. PAPA 136. PAPA 137. PAPA 138. PAPA 139. PAPA 140. PAPA 141. PAPA 142. PAPA 143. PAPA 144. PAPA 145. PAPA 146. PAPA 147. PAPA 148. PAPA 149. PAPA 150. PAPA 151. PAPA

## The Ease of the Night: A Casual Attitude In New York Fashion

By Suzy Menkes  
International Herald Tribune

**N**EW YORK — With the revival of "Cabaret" the hot ticket on Broadway, you might expect a flood tide of sexy, slinky, sophisticated dresses in the fall shows. Instead, the fashion story is in the ease of the night.

The sweater shrugged over a ball skirt — an all-American classic — is back on the runways. And designers who were once known for uptown embellishment are giving their collections a new casual attitude.

It was all summed up by Oscar de la Renta's cream satin sports top worn with black broadtail pants as a key evening statement. The designer had also traded dressy and opulent jackets for the simplicity of a cashmere cardigan. Sure it came trimmed with sable. Or chinchilla. Or mink dyed rose pink and electric blue. But however luxurious, nighttime glamour has loosened up.

De la Renta didn't exactly go downtown, but there was a bohemian, rich hippie undertone to a collection that was shown against a backdrop of a Russian winter palace with autumn leaves rustling on the runway. Those russet foliage colors were picked up in velvet patchworks for coat and tunic with pants.

**A**T the heart of the show were rich and ritzy fabrics, from the double-faced wools through fur that came as brief boleros with ballooning sleeves or a generous trim. With most of the shades neutral, a gray cashmere twinset, trimmed with chinchilla and worn over a long satin skirt, had a throwaway dash.

"Luxury with understatement," said de la Renta, whose clients raved over the sweater dressing with lashings of fur. All except one: Ivana Trump, dressed to the nines in an hourglass Thierry Mugler suit.

"Less of the cardigans and more of the glamour!" she said.

How long has Bill Blass been pairing a cashmere sweater with an evening skirt? "About 40 years," replied the designer, who made the look seem fresh when a big and bold black sweater went over a scarlet satin skirt. That red was a gauntlet of bright color thrown down in a fashion season of neutrals. The opening six outfits, from bouclé coat with sporty drawstring belt through a zippered jacket and a crisp pea coat all came up scarlet, setting off the ubiquitous gray flannel.

In fact, Blass proved how versatile he is as a designer by using old gold corduroy and a seductive mix of camel with sky blue, and sending out a series of his signature checked tweed suits, rather than sticking to the beaten fabric path.

Sometimes the collection seemed a redux of European ideas, like the Aztec tapestry print courtesy of John Galiano. But



Oscar de la Renta's fur-trimmed sweater set and satin skirt.

chinoiserie reworked as a sporty press-stud jacket with bordeaux corduroy collar seemed fresh. And for evening, Blass tossed off those sweater-and-skirt combos, of one-shoulder knits and slender lacy skirts, like the fashion pro he is.

So evening dressing is easy. But what if a Hollywood type is in desperate need of a gown?

Badgley Mischka to the rescue! The designer duo is making a specialty of re-creating modern glamour with a vintage touch.

A frozen forest of silvered trees was an enchanted background for slender dresses touched with a hoarfrost of embellishment. Antique glass beads formed droplets on lacy jackets; crystal, metallic embroidery or caviar pearls of jet hung to the slender silhouettes. Yet for all the diverse decoration, the overall effect was surprisingly unfussy.

The secret was in the muted, moonbeam colors and in the simplicity of shapes that shadowed the body rather than outlining the curves. As they stepped out swinging tiny embellished purses, the models showed Badgley Mischka, without being especially original, to be masters of an evening genre.

Now that the lines between day and night have blurred, an insouciant mix of rich fabrics also seems modern. Rifat Ozbek's program notes were just a hand-painted card depicting a Turkish woman reclining in her decorative finery. It was a signal that the designer had gone back to his ethnic roots, producing an Oriental mix of print, color and texture. Cape shapes and slit sleeves added a whiff of medieval romance.

## The Story of the 'Unknown' Collectors Dealers Say Americans Are Entering New Territory: China

Souren Melikian  
International Herald Tribune

**N**EW YORK — Chinese art is looming ever larger in the Western psyche, but nowhere as large as in the United States. This was spectacularly demonstrated recently at auctions, at the Asian Fair that ended Wednesday and in the continuing shows put up in town by the most powerful dealers in the field.

At Sotheby's March 24 auction, more than half the lots went to Americans, said James Godfrey, director of the Chinese art department. Collectors who had not been known to take an interest in the Far East were stepping into new territory. A remarkable cast-iron figure of a demon dating from the 13th or 14th century was thus bought for \$96,000 by an American collector with eclectic tastes but no previous connection with Chinese art.

A day later at Christie's, Americans were much in evidence. One of the finest bronzes, a wine ewer of the fifth or fourth century B.C. that sold for \$90,500, is now on its way to the West Coast. The very rarest porcelain piece, a 14th-century blue-and-white stem cup with a single dragon painted in dark blue went to a collector from the Northeast, at a cost of \$200,500.

Dealers told similar stories. Giuseppe Eskenazi, whose sales of objects d'art and sculpture by April 1 exceeded \$7.5 million — more than at Sotheby's (\$6.96 million) or Christie's (\$6.79 million) — marveled at the sophistication of buyers previously unknown to him who came in "off the street." One of the great works of art seen this month in New York, the figure of a Tang rider in polychrome pottery, went to an art lover from Arizona. A man from Illinois could not resist a gilt-bronze figure of a bear ferociously roaring, while a Texan settled for a \$90,000 gilt-bronze chimera of the third or fourth century. Add a fourth newcomer, who bought a striking \$145,000 gilt-bronze dragon of the sixth or seventh century, and no wonder Eskenazi was impressed by the surge of new buyers.

This experience was shared by the New York collector-dealer James Lally. Born in Boston, and educated at Harvard, Lally headed Sotheby's Chinese art department for years and knows just about every established collector. Yet, he too sold pieces to buyers with whom he had never dealt. One of his rarest pieces, a green glazed Yue pottery figure of a man riding a chimera, probably of the third century, went to a New Yorker whose involvement in Chinese art is fairly recent.

This readiness to look at a wide range of works of art is typical of a small elite of American collectors.

Perhaps the most remarkable among them lives on the Eastern Seaboard. Equally at home with Guardi, Cezanne or medieval champlevé enamel, he turned to Chinese art within the last decade. The extraordinary bronze rapier of the sixth or fifth century B.C. — which was on loan to the Victoria & Albert Museum in London from 1991 to 1995 and which was a part of the Eskenazi show at 28 East 88th St. until Saturday — is now his, at a price rumored to have exceeded \$2.5 million.

It was also he who bought from Gisele Croes of Brussels, shortly before the Asian Fair opened, the unique Han bronze tree with swirling boughs (\$1.5 million) and the \$2 million silver inlaid food bowl of the fifth or fourth century B.C., among the most

head of a Buddha that was seen in the 1982 Metropolitan Museum show of the Morse Collection.

In earlier times, Chinese collectors (and dealers catering to them) refrained from touching fragments from religious monuments, perceived as desecrated or as colonial loot by those who were not Buddhists. Shifting their ground, the Taiwanese began to buy Buddhist sculpture in the late 1980s as a way of recovering their lost heritage. Soon they extended their new buying policy to previously taboo funerary figures and vessels.

On March 25 at Christie's the trend could be observed in full swing — Theow-Huang Tow, the international director of Christie's Chinese art departments, may have had something to do with it. A magnificent Shang bronze vessel of the gu type cost a Taiwan collector \$55,000. Half an hour later, Li Yin, the buyer of the stone Buddha head, set his sights on a Ming-period bronze figure of the seated Guan-yin, 213 centimeters (84 inches) high. He paid \$310,500, underbid by the Hong Kong dealer Jacky Leung. The return of Hong Kong to China may contribute to accelerating the movement to mainland China where it started slowly three or four years ago.

Hong Kong residents were certainly very active. A private buyer acquired the most expensive bit of Chinese furniture sold at auction last week, a \$244,500 pair of 17th-century huanghuali wood cabinets admirable in the purity of their architectural design. Another Hong Kong collector carried off an enameled snuff box decorated with a European subject, apparently for court use — the four-character seal mark of Qianlong (1736-1795) is visible on the underside. The tiny piece, 4.6 centimeters high, cost a hefty \$96,000.

Even the Japanese have not fully retreated from the Chinese art market. While some are selling, others are buying. The fabulous celadon dish with scalloped rim dating from the 14th or early 15th century that graced the T.T. Tsui Museum in Hong Kong until 1995 went to a Japanese collector who paid \$29,900 to get his coveted prey. With this four-pronged base — the United States, Europe, the Chinese world and Japan, where collecting Chinese art has been part of its history since at least the fifth century B.C. — Chinese art is bound to stay on an ascending course. China is increasingly frowning upon illicit digging. At the Asian Fair, a leading dealer was struck by two Chinese men who walked around and gazed at some excavated works, looking "really annoyed." Already, the flow of excavated masterpieces has slowed. The day it stops, the prices of early bronzes and pottery will explode.



A cast-iron figure of a seated demon was sold by Sotheby's at its March 24 auction.

beautiful ever to come out of China. Professionals believe he was the collector on behalf of whom Croes bought the admirable \$288,500 bronze wine jar (or lei) of the same period that Sotheby's ran on the cover of its March 23 and 24 sale catalogue.

Yet, despite this mass U.S. offensive in the Chinese art market, Americans are far from being alone. The Europeans retain a passionate interest in archaic bronzes. At Christie's, on March 25, a European dealer bought a remarkable Shang bronze vessel of the 13th or 12th century B.C. for \$90,500. A French collector bidding in person, so eager was he not to miss out, got a group of 11 bronze bells of the seventh or sixth century B.C. for \$74,000.

Most important, Chinese buyers who began to enter the market in large numbers in the early 1980s have not deserted it, the current economic difficulties notwithstanding. On March 24, Li Yin, the prominent Taiwanese dealer, bought at Sotheby's the magnificent seventh- or eighth-century stone

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# Solidarity Abounds at Asia-Europe Summit

By Barry James  
International Herald Tribune

LONDON — Prime Minister Tony Blair pledged Europe's support Friday to help Asia through its economic troubles, saying it would "stick by" Asian nations in their financial crisis.

Mr. Blair, in a speech opening a two-day conference of leaders from Asia and Europe, said Europe could not afford to turn its back on Asia in a time of financial turmoil.

"We are not fair-weather friends," said Mr. Blair, whose nation holds the presidency of the European Union until June, "but partners for the long term."

ready to stick by Asia through thick and thin." Matching Mr. Blair's positive rhetoric, Prime Minister Ryutaro Hashimoto of Japan said that the fundamental strength of Asian economies "runs deep," and he pledged that Japan would take the "necessary economic measures" to put its own house in order and aid its neighbors.

Mr. Hashimoto, acknowledging that major concerns were being voiced about the health of the Japanese economy, said: "I would like to clearly state the following facts. First of all, the fundamental strength of the Asian economy runs deep. The current difficulties will be overcome in the not too distant fu-

ture, and Asia will most certainly return to a path of growth. The worst has come and gone, and we are now seeing new steps forward."

Second, he said, "Japan will take the necessary economic measures and, at the same time, provide assistance to the countries of Asia as well."

European Union leaders attending the meeting were "satisfied that the fundamentals are strong" in Japan, said Alastair Campbell, spokesman for Mr. Blair. "They do not believe that the Japanese economy is on the brink of collapse," he said, adding that "they have confidence in the ability of the Japanese people to work their way out"

of the economic crisis.

The Asia-Europe summit meeting of 25 nations is an encore to a 1996 meeting in Bangkok, held under drastically different conditions. Then, the Asian economies were riding high.

Several European and Asian leaders, particularly those from Belgium and Malaysia, spoke of the need to reduce what a European Commission spokeswoman described as "the vulnerability of domestic financial systems to potential shocks, including speculation-induced instability."

Asked if this meant that the leaders



Prime Minister Costas Simitis of Greece, left, conferring with Indonesia's vice president, B.J. Habibie, Friday at the Asia-Europe session in London.

See SUMMIT, Page 13

## Jakarta Nears Agreement With IMF

Compiled by The Staff from Reuters

JAKARTA — A deal to help Indonesia overcome its worst economic crisis in three decades probably will be struck next week, the deputy director of the International Monetary Fund said Friday.

Deputy Managing Director Stanley Fischer emerged from talks with President Suharto confident that a letter of intent covering the renegotiated terms for a \$43 billion bailout would be signed soon. If so, the IMF will release a delayed, \$3 billion installment of aid about two weeks later, he said.

The fund withheld the scheduled payment of that installment last month, concerned that Indonesia was not living up to promises to implement tough economic reforms. Talks snagged on a framework to deal with corporate debt, Mr. Fischer said.

As talks between Indonesia and the IMF dragged through their third week, Mr. Fischer said there were details yet to be resolved.

"None of them is very far from a solution, possibly with the exception of the corporate debt," Mr. Fischer said. Students have grown increasingly frustrated with the government's delays in making economic and political reforms, staging a second straight day of violent protests at the Gadjah Mada University in Yogyakarta, 250 miles (400 kilometers) east of Jakarta.

Riot police and soldiers chased and beat protesters at the university Friday, firing tear gas to stop stone-throwing students from marching into the streets, witnesses said.

At least 20 of the estimated 5,000 protesters were injured.

Negotiations to revise the IMF bailout started after Mr. Suharto complained that the reforms were not working and had only made life harder for millions of people.

It will be the third time the IMF and Indonesia, the world's fourth most populous nation, have signed an agreement covering the bailout program. The \$43 billion rescue plan originally was signed late last year after the United States, Japan and others pledged assistance.

It was revised and strengthened in January after economic conditions deteriorated amid fears in the markets that Indonesia was backsliding on reform commitments. Similar fears in February prompted the latest changes.

Mr. Fischer's confidence was tempered by a warning from his boss, the managing director of the IMF, Michel Camdessus, who warned that the Fund could pull out of Indonesia in the absence of any agreement.

Asked whether the IMF would withdraw in such circumstances, Mr. Camdessus said: "Of course, yes." "It is urgently important to get Indonesia's reform program back on track to strengthen the rupiah before hyperinflation sets in," he said after Jakarta revealed that inflation for the first quarter of the year was some 25 percent.

But markets got a boost from Mr. Fischer's remarks, with the Jakarta composite stock index rising 3.3 percent, to 533.30. The rupiah was steady at about 8,600 to the dollar.

Indonesia's foreign debt obligations stood at \$137.4 billion at the end of last year, with the private sector accounting for \$73.9 billion of the total.

Mr. Fischer said Indonesia was working on a debt plan similar to that used successfully by Mexico in the 1980s. Under that model, the government would provide a controlled foreign-exchange facility to cash-strapped local companies, while foreign lenders would agree to a unspecified rollover period. "Individual creditors and debtors get together on a case-by-case basis and apply that framework for each company," he said.

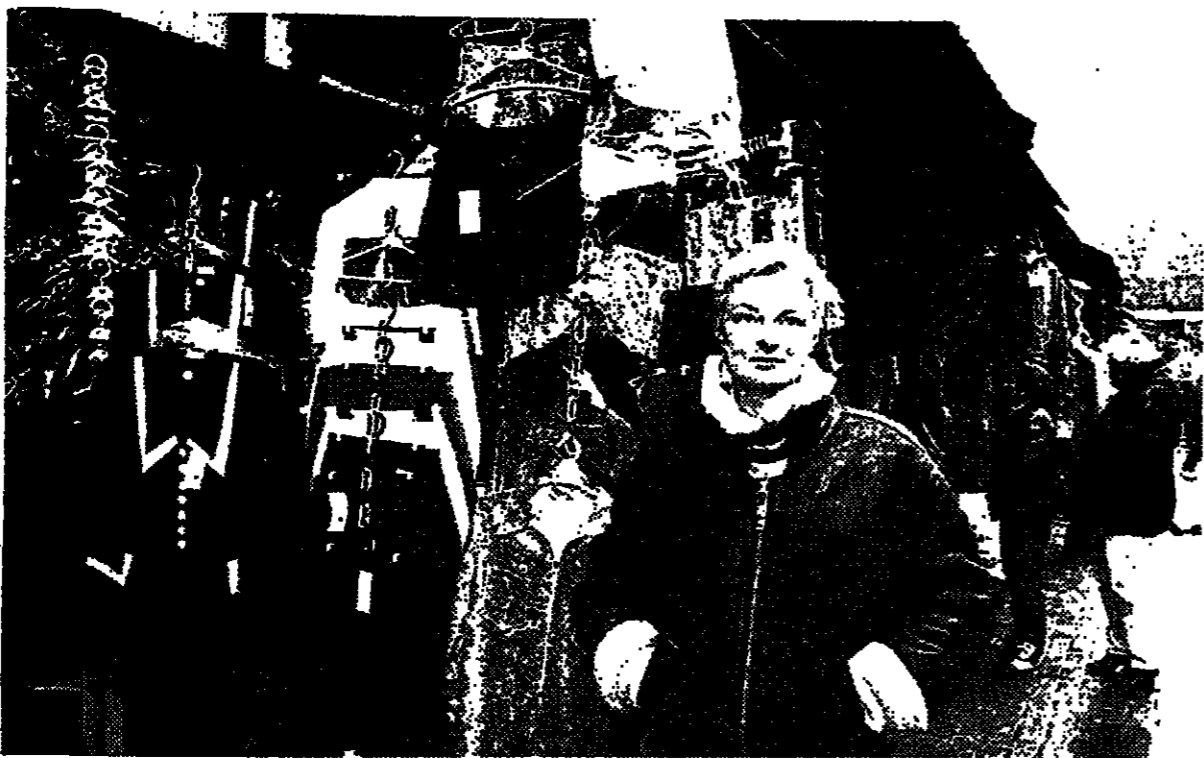
It remains unclear whether Jakarta would provide foreign exchange at a subsidized rate. It also is uncertain how long foreign lenders would be willing to roll over their Indonesian loans.

Radius Prawiro, Indonesian presidential adviser, was upbeat about the talks and played down the debt obstacle.

"Actually, the talks have not been very tough," he was quoted by the official Antara news agency as saying. "But they took time because there were substantial issues that had to be discussed and they happened to be the private corporate foreign debt." Mr. Fischer said he and Mr. Suharto had discussed the negotiations and the progress being made, adding that there was "support by the president for the basic outline of the program."

Mr. Suharto, citing health reasons, skipped the 25-nation Asia-Europe Meeting taking place in London and sent Vice President B. J. Habibie in his place. (AP, AFP)

## ECONOMIC SCENE



Marzena Warchol in front of her stand at the Europa bazaar in Warsaw, where business has been declining.

## Poland's 'Ants' Decry Curb on Bazaars

Once Mainstay of Economy, Markets Wither Under EU Regulations

By Peter S. Green  
International Herald Tribune

WARSAW — From the confines of stall No. 21 in the sprawling Europa bazaar at Warsaw's 10th Anniversary Stadium, Marzena Warchol has a good view of the inner workings of Poland's fifth-largest export industry.

Bundled against early-morning snow flurries in a shearling bomber jacket, the 23-year-old economics student looked at the dresses and skirts in her half-empty stall, at the empty alleyways around her and at her meager takings for the day.

As Poland embarked in the early 1990s on a path of painful free-market reforms, bazaars such as Europa and others on Poland's borders with the former Soviet Union and Germany pumped vast amounts of money into the country, creating a shadow economy that helped keep Poland afloat.

But in January, Poland responded to a request from the European Union to help fight crime by tightening its border with neighboring Russia and Belarus and imposed stricter visa rules.

Requiring advance payment for room and board eliminated overnight many of the small traders who had made the bazaars into motors of the Polish economy as they poured over the border from the former Soviet Union to take Polish and other low-priced clothing, electronics goods and cosmetics back to markets starved for consumer goods.

Polish traders near Belarus blocked the border in protest against the new visa rules, and Warsaw was forced to backtrack. The rules were eased, but the Easterners have not come back. Many Polish traders still blame the government, asking why the EU, which is supposed to bring Poland prosperity,

is bringing it hardship instead.

But Miss Warchol, who is studying for a degree in economics, says nothing will bring back the Easterners.

After eight years, she says, the market is saturated. Her family has had the stand for nearly four years, paying 2,000 to 3,000 zloty (\$580 to \$872) a month in rent and doing four times that much in business from the stand, selling women's clothing designed and made in a small workshop her mother owns on the outskirts of Warsaw.

"When they opened the border, our friends from the East came and bought everything, good or bad; they didn't distinguish," she said. "Now, like every market does, it's gotten saturated, and they are looking for better quality and better prices."

"Our profits are falling because we have to lower our margins to keep the merchandise moving. It's a very competitive environment."

At a mobile snack bar nearby, the windows are piled high with breaded pork chops, mushroom crepes and other delicacies. Zbigniew, the owner, says his business was off by half this winter, mainly because of the visa problem.

"Three-fourths of my customers are guys from the East," he said, "and they're the ones we make a profit on, because they have to eat here. The Poles just go home for lunch."

At the bus depot by the market's gate, dispatchers said only two half-empty buses now made the daily trip to Minsk, instead of the three dozen or so buses that used to run the route.

Bohdan Wyznikiewicz of the Gdansk Institute for Market Economics, who recently issued a report on the bazaar trade, said that while the bazaar traders may be suffering, Poland as a whole had not lost its Eastern markets.

"Probably, the total amount of trade between Poland and the East is not

diminishing," Mr. Wyznikiewicz said. "Only the structure is changing." The "ants," as he calls the small traders, created tremendous consumer demand in Belarus and elsewhere, and now, he says, larger traders are taking over. They go directly to manufacturers, cutting out the bazaar middlemen.

"Practically, the amount of foreign currency being exchanged here has not changed over 12 months ago, so probably someone else is taking up the slack," Mr. Wyznikiewicz said.

That's a lot of slack. A government study found that bazaars and other "unofficial trade" brought in a \$6.06 billion trade surplus last year, offsetting more than half of the country's official trade deficit of \$11.3 billion.

Mr. Wyznikiewicz's study also found that 89 percent of the goods sold in the markets had been made in Poland, mainly by small private companies.

Economists and government officials agree that bazaar trade is suffering, but they argue that this is a necessary part of Poland's economic transformation.

"This phenomenon is temporary, so it should serve these traders as a source of capital accumulation," Mr. Wyznikiewicz said. Then, he said, they could invest their capital in more legitimate businesses.

Piotr Nowina-Knapka, state secretary at Poland's Commission on European Integration, said Poland had to maintain its trade links with the East but at the same time to bring the trade out of the shadows and into the legitimate economy, where taxes would be paid on it.

Poland sees itself as the EU's "transition belt" to the East, he said. "We speak Russian, we know how to drink vodka with the Russians, we understand their situation better than the Italians or even the Germans can."

## CURRENCY & INTEREST RATES

April 3									
Cross Rates									
	1	DM	FF	Yen	£	SF	Yen	£	DM
Australian	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
Belgium	36.35	63.675	20.465	6.325	2.004	16.93	9.45	1.84	26.96
Canada	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
France	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
Germany	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
Italy	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
Japan	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
Netherlands	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
Spain	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
Sweden	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
Switzerland	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
UK	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
US	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
Libor-Labor Rates									
	1-month	3-month	6-month	9-month	1-year	18-month	24-month	36-month	48-month
US	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
UK	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Germany	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
France	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Italy	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Spain	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Sweden	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Switzerland	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Japan	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Australia	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Canada	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Key Money Rates									
	1-month	3-month	6-month	9-month	1-year	18-month	24-month	36-month	48-month
US	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
UK	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Germany	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
France	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Italy	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Spain	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Sweden	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Switzerland	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Japan	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Australia	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Canada	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Other Dollar Values									
	1	DM	FF	Yen	£	SF	Yen	£	DM
Australian	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
Belgium	36.35	63.675	20.465	6.325	2.004	16.93	9.45	1.84	26.96
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Switzerland	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
UK	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
US	1.0815	1.6025	1.7565	1.3332	0.6142	1.4805	1.3202	1.5451	1.44
Forward Rates									
	30-day	60-day	90-day	180-day	360-day	540-day	720-day	900-day	1080-day
US	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
UK	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Germany	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
France	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Italy	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Spain	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Sweden	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Switzerland	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Japan	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Australia	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Canada	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

The International Herald Tribune will produce a Special Report on May 2, on

## EUROPE, THE EURO



AND YOU



صباح الخير

EUROPE

# U.S. Boom Is a Boon for German Carmakers

Bloomberg News

FRANKFURT — Surging demand for German cars in the United States is helping to keep the export-led recovery in Europe's largest economy on track as it absorbs declines in Asian markets. Daimler-Benz AG, Bayerische Motoren Werke AG and Volkswagen AG all posted higher U.S. sales for March. Daimler's Mercedes brand recorded its best U.S. sales ever in the month, amid strong demand for its M-Class sport-utility vehicle. VW's sales have been bolstered by the introduction of the new Beetle.

Germany's export-dependent growth could have been threatened by the Asian economic downturn, which economists estimate will curtail 1998 exports by 2 percent. Still, stronger sales of German goods in North America and Europe are expected to help Germany's economy grow by 2.5 percent to 3 percent this year. "Germany's primary export market, Europe, is growing strongly,

which will partly cancel the Asia effect," said Gerhard Grebe, an economist at Bank Julius Baer (Deutschland) AG. "Of course, America is also contributing."

The dollar rose 16 percent against the Deutsche mark last year, allowing German carmakers to offer their products at more competitive prices.

The German car industry, which had been looking to Asia to bolster growth as sales in Europe slow, has

reined in sales forecasts for the region and put planned investments on hold.

The car-parts maker Robert Bosch GmbH is the only member of the German car industry to have bought a stake in a South Korean company. Carmakers such as BMW, VW and Mercedes Daimler-Benz are all pessimistic about car sales this year in the region. BMW said Asian sales may fall as much as 10 percent — less than a year after

all three carmakers hailed the region as the next major growth market.

Daimler, Germany's largest industrial company, has said it has not been hit by the Asia crisis yet but "is watching the situation closely."

The crisis "will be over in the next two to three years," Daimler's chief executive, Juergen Schrempf, has said. Daimler hopes to increase the share of its revenue that comes from Asia to 25 percent from 8 percent in the medium term.

The U.S. forecast, however, is considerably brighter.

Peter Worel, an analyst at Bayerische Landesbank Girozentrale in Munich, said, "Generally speaking, foreign sales have been strong for VW, Mercedes and BMW, but the U.S. market is increasingly gaining in significance."

Daimler said Thursday that its U.S. sales surged 69 percent last month, to a record for March of 16,303 units. VW's March sales rose 44 percent, to 16,765, while BMW's sales in the month rose 6 percent, to 12,239.

## Daimler's Foreign Board Members

Compiled by Our Staff From Dispatches

STUTTGART, Germany — Daimler-Benz AG said Friday it planned to add two non-German executives to its supervisory board to reflect the company's increasing international presence.

The company appointed John Browne of British Petroleum PLC, Jean-Marie Messier of Generale des Eaux SA, and Mark Woessner of Bertelsmann AG to the board.

Mr. Brown, Mr. Messier and Mr. Woessner will replace Johannes Semler and Roland Schelling as well as Hubert Curien, a Frenchman who was the only previous non-German on the board.

Daimler-Benz also said profit last year jumped to 8 billion Deutsche marks (\$4.3 billion) from 2.8 billion DM the year before as it recorded a one-time tax gain of 4.9 billion DM. (Bloomberg, Reuters)

# Volkswagen Ups Ante for Rolls-Royce

Compiled by Our Staff From Dispatches

LONDON — Volkswagen AG said Friday it had submitted a new offer for Rolls-Royce Motor Cars Ltd. to compete with Bayerische Motoren Werke AG's preferred bid, opening the way for a fight to the finish for the famous British car maker.

A spokesman for Volkswagen, Kurt Kippolts, confirmed that VW had increased its offer but declined to reveal the value of the bid. In London the owner of Rolls-Royce, Vickers PLC, said it was holding exclusive talks with BMW and could not consider unsolicited offers before the end of April.

The German business newspaper Handelsblatt quoted an unnamed spokesman for Volkswagen on Friday as saying the company had increased its offer from 1.2 billion Deutsche marks to 1.3 billion DM (\$649 million to \$703 million) and had committed to making "significant investments in the future."

Vickers began the week by announcing it preferred BMW's offer of £340 million (\$567 million), but as the week wore on, Vickers said that while the offer from BMW was "the only bid on the table," the door was "still open."

"If a higher offer was put to shareholders, we would have to consider it," Vickers said.

Volkswagen, by confirming the counterbid for the pride of the British motor industry, was also seen to be stoking the fires of a potential revolt by shareholders in Vickers.

Volkswagen, meanwhile, is signaling it is undaunted by warnings from the president of BMW, Bernd Pischke, that his company, which supplies engines to Rolls-Royce, could bring the British company's production to a halt.

The head of Volkswagen, Ferdinand Piech, who has a reputation as a tough negotiator, appeared unperturbed by a possibility that the separate Rolls-Royce engine group, which is allied to BMW, might pose legal objections to use of the Rolls name if BMW were pushed aside.

Vickers shares closed Friday in London at 237 pence, up 6.5 pence from 226 pence. VW shares closed at 153 pence, up 1.5 pence from 151 pence. (Reuters, AFP)

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
5400	8200	4200
5000	5900	3900
4500	5600	3600
4000	5300	3300
3500	5000	3000
3000	4700	2700
2500	4400	2400
2000	4100	2100
1500	3800	1800
1000	3500	1500
500	3200	1200
0	2900	900
-500	2600	600
-1000	2300	300
-1500	2000	0
-2000	1700	-300
-2500	1400	-600
-3000	1100	-900
-3500	800	-1200
-4000	500	-1500
-4500	200	-1800
-5000	-100	-2100

Source: Reuters

## Very briefly:

- Sociedad de Participaciones Industriales, a Spanish government holding company, said the utility Endesa SA would buy back 8.2 percent of its shares for about 331 billion pesetas (\$2.10 billion) and said the holding company would sell to the public the 33 percent of Endesa that it still owned in an offering that could bring it \$8.8 billion.
- The European Commission warned Cegetel, a French consortium that has a telecommunications venture with the French national railway company, that rival companies must be given access to networks laid along railroad tracks. The German consortium Mannesmann Arcor is to get a similar warning.
- Deutsche Telekom AG and union representatives reached a wage agreement that gives the phone company's workers a 1.5 percent salary increase retroactive to Jan. 1. They also agreed on conditions for early retirement.
- The Vienna Stock Exchange will adopt Deutsche Boerse AG's Xetra electronic trading system next year, the two exchanges will also establish a cash market in Vienna to trade shares of Eastern European companies. Separately, the French derivatives exchange Matif SA will postpone the introduction of its electronic trading system until Tuesday and will slash fees 37 percent as part of the start of the service.
- Generale des Eaux SA's shares surged 8.6 percent to a record 1,129 French francs (\$182.10) after the company said profit would rise 30 percent this year, driven by its \$5.5 billion purchase of Haves SA, France's biggest media company.
- Galeries Lafayette SA's 1997 earnings rose 18 percent to 647 million francs, as sales excluding value added taxes collected rose 5.4 percent, to 30.35 billion francs. But the company said it was "extremely prudent" about consumer spending in its outlook for 1998.
- The Bundesbank's president, Hans Tietmeyer, urged Italy and Belgium to do more to cut their national debts in his testimony to parliamentary committees. (Bloomberg, Reuters)

# U.S.-French Air Talks Near Pact After 6 Years

Compiled by Our Staff From Dispatches

PARIS — The United States and France are close to an agreement on expanding access to one another's aviation markets, airline executives said Friday, a move that could stir trans-Atlantic competition and push down fares.

After six years of stalemate, France has agreed to allow more U.S. passenger flights over a period of five years while in return gets to almost double its flights to the U.S.

Talks are deadlocked on the right of freight carriers to fly beyond France to third countries. The talks, originally scheduled to end Thursday, may continue through the weekend.

Scott Yobe, senior vice president at Delta Air Lines, said, "We are getting close, we hope we'll have something soon."

The lack of a treaty has stunted air traffic between the two countries and prevented both Air France and U.S. carriers from expanding service to keep pace with demand.

A pact would allow Air France to forge closer links with its partners Delta Air Lines Inc. and Continental

Airlines Inc. and free them to market one another's flights, a practice known as code-sharing, which can fatten profits by tens of millions of dollars.

The two countries are hoping to reach an agreement to liberalize air travel in time to allow code-sharing agreements for travel this summer.

Fabienne de Brebisson, a spokeswoman for Air France, said, "It's clear, this would be very positive for us."

The agreement in principle on

passenger traffic consists of a five-year "transition period" that allows controlled growth in the trans-Atlantic market before opening up Air France to market competition in a bilateral "open skies" agreement.

Under terms of the pending deal, U.S. airlines will be able to add nine daily flights to France in the transition period to their current total of 148 flights a week. Air France will be allowed to match that capacity increase and to bring its 79 weekly

U.S. flights up to the current level of U.S. operators.

One key issue remaining in negotiations is access to Orly Airport, Paris's second airport after Charles de Gaulle.

The French government has been trying to group all non-French carriers at de Gaulle, a move that would throttle American Airlines' hopes of tapping into Air Liberte's extensive network in France.

(Bloomberg, Reuters)

## Credit Lyonnais Opposes Possible Takeover by Deutsche Bank

Bloomberg News

PARIS — Credit Lyonnais SA said Friday it would resist any move by Deutsche Bank AG to buy it from France, a move that would turn the German bank into the world's biggest, with assets of \$800 billion.

Deutsche Bank indicated Thursday it was considering a friendly offer for Credit Lyonnais, which the government has agreed to sell as a condition for approval by the European Union of a bailout costing

more than 100 billion French francs (\$16.13 billion).

Buying Credit Lyonnais — which would cost estimated 40 billion francs — would give Deutsche Bank access to the French market and make it the dominant company in Europe for consumer banking. It also would provide the French bank with resources to build up its French network, allowing it to better compete with large rivals such as Banque Nationale de Paris SA.

"Such an alliance would be good for both banks," said Keith Baird, an analyst at Enkiska Securities in London. "Credit Lyonnais's management, however, doesn't want the bank to be sold to someone else after working hard to restructure it."

Credit Lyonnais said it would prefer to be sold in an initial public offering, which would make it more difficult for another bank to take it over and would allow the managers to retain control.

## WORLD STOCK MARKETS

Prices, April 3

Prices in local currencies

High Low Close Prev.

Amsterdam AEX Index: 1182.12

Prices in local currencies

High Low Close Prev.

Amsterdam AEX Index: 1182.12

Prices in local currencies

High Low Close Prev.

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Amsterdam AEX Index: 1182.12

## Stock Index

Prices as of 3:00 PM New York time

World Index 196.22

Change +0.77

% Change +0.39

Year to date +14.01

Regional Indexes

Asia/Pacific 90.13

Change -1.12

% Change -1.23

Year to date -6.18

Europe 232.82

Change +1.90

% Change +0.82

Year to date +20.61

N. America 253.45

Change +1.81

% Change +0.72

Year to date +17.54

S. America 155.02

Change -2.84

% Change -1.80

Year to date +1.54

Industrial Indexes

Capital goods 243.49

Change +1.33

% Change +0.55

Year to date +17.67

Consumer goods 241.45

Change +1.04

% Change +0.43

Year to date +15.12

Energy 214.37

Change +0.15

% Change +0.07

Year to date +9.96

Finance 147.04

Change +0.88

% Change +0.63

Year to date +14.07

Manufacturing 167.97

Change +0.64

% Change +0.38

Year to date +12.70

Raw Materials 194.16

Change -0.19

% Change -0.10

Year to date +16.48

Service 203.04

Change +1.13

% Change +0.56

Year to date +16.10

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NASDAQ

Friday's 3:45 P.M.  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

Stock	Day	Yld	PE	High	Low	Close
IBM	100	1.2	15.0	100.00	99.00	99.00
Microsoft	100	1.5	18.0	100.00	99.00	99.00
Apple	100	1.8	20.0	100.00	99.00	99.00
Oracle	100	2.0	22.0	100.00	99.00	99.00
Sun	100	2.2	24.0	100.00	99.00	99.00
HP	100	2.4	26.0	100.00	99.00	99.00
Intel	100	2.6	28.0	100.00	99.00	99.00
Motorola	100	2.8	30.0	100.00	99.00	99.00
Verizon	100	3.0	32.0	100.00	99.00	99.00
AT&T	100	3.2	34.0	100.00	99.00	99.00

Stock	Day	Yld	PE	High	Low	Close
Amazon	100	1.0	12.0	100.00	99.00	99.00
Alibaba	100	1.2	14.0	100.00	99.00	99.00
Google	100	1.4	16.0	100.00	99.00	99.00
Facebook	100	1.6	18.0	100.00	99.00	99.00
Twitter	100	1.8	20.0	100.00	99.00	99.00
LinkedIn	100	2.0	22.0	100.00	99.00	99.00
Slack	100	2.2	24.0	100.00	99.00	99.00
Zoom	100	2.4	26.0	100.00	99.00	99.00
Dropbox	100	2.6	28.0	100.00	99.00	99.00
Box	100	2.8	30.0	100.00	99.00	99.00

Stock	Day	Yld	PE	High	Low	Close
Netflix	100	1.0	12.0	100.00	99.00	99.00
Spotify	100	1.2	14.0	100.00	99.00	99.00
SoundCloud	100	1.4	16.0	100.00	99.00	99.00
Bandcamp	100	1.6	18.0	100.00	99.00	99.00
SoundCloud	100	1.8	20.0	100.00	99.00	99.00
Bandcamp	100	2.0	22.0	100.00	99.00	99.00
SoundCloud	100	2.2	24.0	100.00	99.00	99.00
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SoundCloud	100	2.6	28.0	100.00	99.00	99.00
Bandcamp	100	2.8	30.0	100.00	99.00	99.00

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Twitter	100	1.0	12.0	100.00	99.00	99.00
LinkedIn	100	1.2	14.0	100.00	99.00	99.00
Slack	100	1.4	16.0	100.00	99.00	99.00
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NYSE

Friday's 3:45 P.M.  
(Continued)

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# Excellence Endures in a Few Stables of Closed-End-Fund Stability

By Aline Sullivan

**I**NVESTING in closed-end funds is like betting on thoroughbred horse races. The same names keep cropping up among the winners. At first glance, dark horses appear to be the best-performing closed-end funds. So far this year, the top seven of the 500 U.S.-domestic funds ranked by Lipper Analytical Services came from nowhere: They ranked in the bottom quarter over the past one, three and five years. But all are Asian single-country funds: four invest in South Korea, two in Thailand and one in Taiwan. They look good now because they did so badly before.

Investors looking for a more certain bet will find that the field is dominated fairly consistently by a dozen or so investment houses. Templeton Investment Management, Salomon Brothers Asset Management, Invesco Asset Management, Morgan Stanley Asset Management, Alliance Capital Management and Robert Fleming & Co. are those most frequently mentioned by industry analysts. Templeton generates the most enthusiasm. "Templeton really personifies what is good about foreign closed-end fund investment," said Michael Porter, a managing director and the closed-end fund specialist at Salomon Smith Barney in New York. "There is a system, philosophy and a performance record there that makes investors feel good about the house."

Thomas Herzfeld, director of Thomas J. Herzfeld Advisors Inc. in Miami, agreed. "Investors can have a certain comfort in investing with a firm that has been at it a long time and achieved a long-term

success," he said. "We are great fans of Templeton, particularly of Mark Mobius."

Mr. Mobius's \$342 million Emerging Markets Fund has, on average, placed in the top third of Herzfeld's ranking of U.S.-domestic foreign funds over the past eight years.

Franklin Templeton, which has \$232 billion under management, runs 12 U.S.-domestic closed-end funds. Like other companies of its size, Templeton has the breadth — or "deep enough back bench," as one analyst described it — to change managers and objectives if need be.

That breadth can backfire, however. Some shareholders in Templeton's \$43 million Vietnam Opportunity fund are suing the fund and Mr. Mobius for plunging into Thai stocks just before the country's currency crisis. In a class-action lawsuit filed in Florida, they charge the fund and its manager with securities-law violations and breach of fiduciary duty.

The shareholders claim that the fund incurred huge losses by boosting its Thai holdings tenfold in the six months to September 1997 to account for 30 percent of the total, almost twice the proportion of its investments in what remained the stubbornly undeveloped market of Vietnam.

In January, Templeton bought back 3.8 million shares, or 44 percent of the total, at \$7.77 each, well down from the price of \$12.37 on Oct. 10. The shareholders argue that the fund could have saved \$30 million in those three months had they been allowed to vote on liquidating the fund.

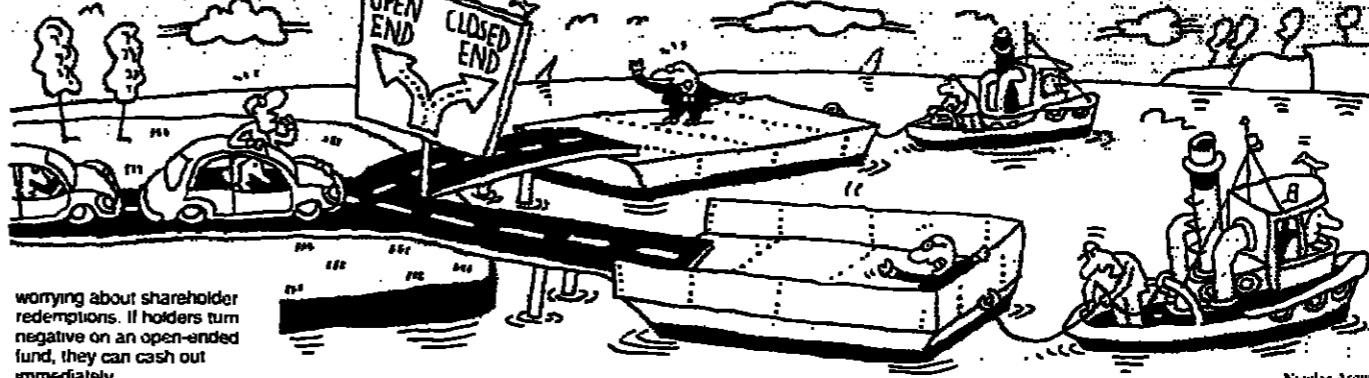
Like many of its counterparts, however, the fund has produced a strong — 18.6 percent — return so far this year.

Shareholders in the Vietnam fund are scheduled to vote April 23 on changing its name to the Vietnam & Southeast Asia fund and on broadening its objective.

This week, The Money Report takes a look at closed-end mutual funds, an interesting and often-mysterious part of the financial markets. Like their open-end counterparts, they are companies that invest in a variety of financial instruments — such as stocks and bonds — to create portfolios for their own shareholders.

Unlike open ended-funds, however, the closed-end varieties do not continuously create and redeem shares for investors. In this, they are similar to regular public companies, which issue stock that is listed on an exchange or traded over the counter. People who want to invest in a company — or a closed-end fund — generally buy and sell shares through a broker.

One advantage of the closed-end structure is that the manager of such a fund can make investments without



worrying about shareholder redemptions. If holders turn negative on an open-ended fund, they can cash out immediately. In times of market turmoil, this could mean that an open-ended fund manager must sell holdings, perhaps at prices that are only temporarily depressed, to raise cash to meet redemptions. But a closed-end fund could be buying those distressed securities at bargain prices, immune from the

market's daily swings. Another ramification of the relative stability of closed-end funds is that they are a suitable vehicle for investing in liquid markets, either for exotic securities or hard-to-enter markets. This gives rise to a quirk of closed-end funds: The com-

bined price of all their shares may be quite different from the value of their investment portfolio. The investment portfolio driven by the number of outstanding shares gives the net-asset value. Investors are sometimes so anxious to buy shares in a closed-end fund

that they are willing to pay more than the NAV. For example, shares in some closed-end funds that target the depressed Asian stock markets are currently trading at premiums, although whether this is because investors are betting on a rapid recovery is a matter of debate.

Closed-end funds often trade at discounts to their NAVs. For investors who think the discounts will narrow, this can present trading opportunities. But sometimes it can force funds to convert to open-end status, immediately raising the price of the shares to the net-asset value.

Salomon funds, as a group, also tend to be reliable. Salomon's Emerging Market Income fund ranks among the top 10 U.S.-domestic closed-end funds over the past three and five years, according to Lipper. Other top performers in its stable include the 2008 Worldwide Dollar Fund, the Worldwide Income Fund and Salomon Brothers Fund.

Other strong houses include Scudder Stevens & Clark and John Hancock Advisors.

Bank Julius Baer & Co.'s European Warrant Fund is in a class by itself. The \$250 million fund, which invests in equity and index warrants of West European issuers, is the ninth-best-performing fund so far this year and the top performer of the past 12 months, three years and five years.

Industry analysts credit its success to the Zurich-based manager, Hans Ruedi Huber, who has run the fund since July 1992.

"It depends on the asset class," said Don Cassidy, senior research analyst at Lipper Analytical in Denver. "Some houses tend to manage good bond funds and others good equity funds. Some are better in the domestic arena, while others — such as Morgan Stanley, Templeton and Alliance Capital — do well internationally."

"But also look at the individual manager," he added. "Ultimately, it comes down to the person sitting in the chair."

Jon Teall, director of communications at Standard & Poor's Corp. in New York, cautioned that narrow asset classes or high-risk strategies, such as buying war-

rants, can drive performance up in bull markets but can also force it disproportionately lower when conditions change.

"Beyond a handful of extremely gifted persons working for a few well-known houses, it is the asset class that drives performance," he said. "The more narrowly you cut up the package, the more risk you take on."

Many of the best-run closed-end funds tend to trade at a premium to their net-asset value, making them unattractive to some potential investors.

"It may be blasphemy, but sometimes I would rather buy a fund run by a bad manager if the discount is attractive enough," Mr. Herzfeld said.

For further information, contact: ALLIANCE CAPITAL MANAGEMENT, Telephone: 1 212 969 1000, or toll-free in the United States, 1 800 251 5672, Web site: www.alliancecapital.com

BANK JULIUS BAER, Telephone: 41 1 297 5266, or toll-free in the United States, 1 800 377 6677, Web site: www.jbaer.com  
ROBERT FLEMING & CO. Telephone: 44 171 638 5558, Web site: www.fleming.com  
JOHN HANCOCK ADVISORS, Telephone: 1 617 886 3000, collect calls accepted from abroad, or toll-free in the United States, 1 800 225 5261, Web site: www.jhancock.com/funds  
THOMAS J. HERZFELD ADVISORS, Telephone: 1 305 271 1904, fax: 1 305 276 1040, mail address: P.O. Box 101068, Miami, Florida, 33101, Herzfeld sells "Encyclopedia of Closed-End Funds," with information about 480 closed-end funds. It costs \$15.  
INVESCO ASSET MANAGEMENT, Telephone: 44 171 254 3135, or toll-free in Britain, 0800 010 333, Web site: www.invesco.com  
MORGAN STANLEY ASSET MANAGEMENT, Telephone: 1 617 557 8000, or toll-free in the United States, 1 800 548 7766, Web site: www.msc.com  
SCUDDER STEVENS & CLARK, Telephone: 1 617 295 1000, or toll-free in the United States, 1 800 255 2470, Web site: www.scudderfunds.com  
TEMPLETON INVESTMENT MANAGEMENT, Telephone: 1 814 527 7800, or toll-free in the United States, 1 800 542 5236, Web site: www.franklin-templeton.com

## In Volatile Asia, an Abundance of Perils and a Window of Novel Opportunity

### Outlook Is Dismal For Closed-End Funds In Hard-Hit Region

By Philip Segal

**A**LTHOUGH there are some closed-end funds in Asia still worth looking at, plenty of others in the region have outlived their usefulness.

One closed-end manager who also runs an open-end fund investing in the same Asian country went so far as to question why anyone would bother with closed-end funds today, calling them "a resoundingly disappointing way to invest."

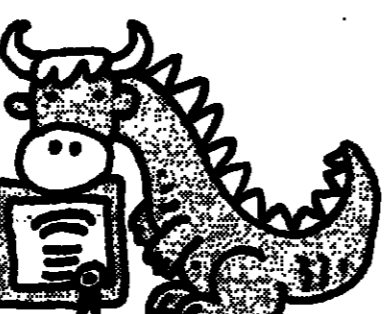
That is often, but not always, the case. It was once difficult to buy Thai or Hong Kong stocks in significant amounts, and single-country closed-end funds were worth a look. But it now seems odd that anyone wishing to sell a fund of highly liquid stocks should consider doing so at a discount to net-asset value — unless of course it was bought at an even deeper discount. Such opportunities exist but are increasingly more scarce.

Take the Greater China Fund, with a discount to NAV of 17 percent against a five-year average of 7 percent. Over three- and five-year periods ending Dec. 31, the fund's net-asset value had made it the second-best performer among China/Hong Kong/Taiwan funds, according to Lipper Analytical Services.

On the minus side, it holds easily available stocks traded in Hong Kong, such as Cheung Kong (Holdings) Ltd., China Resources Enterprise Ltd. and China Telecom (Hong Kong) Ltd.

The fund is currently at an attractive discount, but an investor has to consider where the discount will move when selling time arrives. But the fund was outperformed by an open-end competitor, HSBC PLC's GIC China Equity Fund.

On the other end of the liquidity scale, some Asian countries — such as Vietnam, which is still without a stock market — have proven to be such difficult business environments that funds invest-



Sam Goldstein

ing there, unable to find enough attractive assets to buy, have had to close.

The Lazard Freres Vietnam fund was liquidated a year ago, and Templeton's Vietnam country fund is facing a class-action suit by investors who say the managers are refusing to liquidate the fund after investing just 16 percent of its cash.

These are not the only funds that are winding up. As the Asian crisis grinds on, Jardine Fleming is rolling up its Asia Pacific Ltd. fund, listed in Australia, because its market price fell below 85 percent of NAV.

In the middle of the liquidity spectrum and better suited to closed-ends is Pakistan, which has a market featuring highly illiquid stocks in all but the top two or three companies on the Karachi exchange. Consider the Pakistan Investment Fund, which has traded at an average discount to NAV of 12 percent, but recently traded at a 15 percent discount.

There are still some attractive funds investing in the more-developed Asian markets. One is the New York-listed Asia Pacific Fund, which was rated "outperform" by Salomon Smith Barney on Feb. 2. Over the past five years, it has traded at an average premium to NAV of 7.9 percent, but recently was changing hands at a discount of 5.5 percent.

Over five years, the best strategy in owning this fund would have been to reinvest its dividends in the bond market. If these had been reinvested at 5 percent, total return would have been 32 percent.

Look also at the Martin Currie Pacific Trust, traded in London. At a 16 percent discount, this compares with a five-year discount average of 6.5 percent.

Another star performer is Taiwan

Fund Inc., recently trading at a 14 percent discount to NAV. This compares with a five-year average of a 1.3 percent premium. In five years, reinvesting the fund's disbursements would have made for a total return of 30 percent, but the fund pays out a lot of capital gains, which in many countries bring with them punishing taxes. Still, at year-end its NAV was up 65 percent in five years, second-best among Taiwan country funds not traded in Taipei.

An alternative is to look at Taiwan funds traded on the Taipei exchange. Hong Kong's Regent Pacific group has made good money doing this, but most of its favorites — among them China Growth Fund and NITC Fu-Yuan Fund — have seen the discounts to NAV compressed in recent months.

Regent also has an institutional Pacific Arbitrage fund, which invests in closed-ends across Asia. One of its favorites over the past year has been Westpac Property Trust in Australia, which has outperformed Australian stocks by 51 percent over five years. Another is the India Fund, which is listed in New York. Regent buys this fund's B shares, about which it is difficult to get information. The regular India Fund shares are still trading at a 15 percent discount to NAV, against a five-year average of 6.4 percent.

For those who can risk losing a little mad money, Jardine Fleming also runs a Hong Kong-listed Indonesia Fund, which on March 20 was trading at a 17 percent discount to NAV. Compare this with premiums of 80 percent or more for some Indonesia funds trading in New York, and this could be a smart purchase. Buying Indonesia, however, means placing a bet that could go sharply either way.

For further information:

ASIA PACIFIC FUND, Telephone: 1 212 778 8838, Ticker: APF (New York Stock Exchange)  
CHINA GROWTH FUND, Telephone: 886 2 760 6123, Ticker: 0003 (Taiwan)  
JARDINE FLEMING INDONESIA FUND, Ticker: 538 (Hong Kong)  
GREAT CHINA FUND, Telephone: 1 212 713 5969, Ticker: GCI (New York Stock Exchange)  
MARTIN CURRIE PACIFIC TRUST, Telephone: 44 131 259, Ticker: 11 228 552, Ticker: MCF (London)  
NITC FU-YUAN FUND, Telephone: 886 02 504 2080, Ticker: 0002 (Taiwan)  
PAKISTAN INVESTMENT FUND, Telephone: 1 212 296 7109, Ticker: PKF (New York Stock Exchange)

### In N.Y. and London, Pricing Flukes Create Asia Arbitrage Play

By Conrad de Aenlle

**I**F YOU HARBOR dreams of making money and impressing your friends by being a hot-rodding arbitrageur in the world's most volatile stock markets, you may be able to realize them — with minimal risk — thanks to discrepancies in the way shares of closed-end country funds are priced.

Some funds trade at less than the value of the assets they own, while others with similar investment portfolios cost half again as much as they are intrinsically worth. By buying the first and selling the second, an investor can make a sizable profit if both funds approach their true value, while risking relatively little if they do not.

Such mispricing has always been common. But it has become extreme in the last several months among funds targeting emerging markets, especially Asia. Opportunities for small investors to take advantage of the mispricing result not from events in Thailand or Indonesia, however, but from market action in New York and London.

A typical discount or premium to a closed-end fund's net-asset value is 20 percent or less, but lately several single-country funds listed on the New York Stock Exchange have reached premiums of 50 percent or more — 140 percent recently in the case of the Indonesia Fund. Investors in funds listed on the London Stock Exchange that target the same countries are far less enthusiastic, preferring to buy only at discounts or small premiums.

Consider an investment in Thailand. There are two Thailand funds listed in New York. The Thai Capital Fund traded recently at 29 percent more than its NAV; the Thai Fund carried a premium of 44.3 percent. In London, meanwhile, the Aberdeen New Thai Fund

traded at a 2.8 percent premium on the same day, while Siam Selective Growth had a 24.2 percent discount.

An investor who has doubts about the Thai market — but is sure that the American funds cost more than they should — could contact an internationally minded discount broker, like Charles Schwab Corp., and buy one of the London-listed funds and sell short one of the funds traded in New York. (A short sale involves borrowing stock and then selling it in the hope that its price will fall and the stock can be bought at a cheaper price later and handed back to the lender.)

Jeff Gerleman, who is in charge of foreign trading at Schwab, said the brokerage would charge \$29.95 for the first 1,000 shares plus 3 cents per additional share for each of the two transactions through its Internet trading network and somewhat more through conventional telephone trading. Investors would need to have cash in their accounts equal to half the value of the two trades, but they would not have to pay margin interest because the money from the short sales would be credited to their accounts.

Purchasing 10,000 shares of Siam Selective Growth would have cost \$4,825 (\$8.00), based on a recent price of 48.25 pence per share, slightly more than would be received from selling short 900 shares of the Thai Fund at \$8.75 each. The difference is that the trader would have picked up \$11,300 worth of Thai securities from the purchase but would only owe assets worth half as much, \$5,500, from the short sale.

A similar combination would be a short sale of the Indonesia Fund in New York, with a recent premium of 91 percent, and a purchase of the London-listed Edinburgh Java Fund, which had a 2.2 percent discount. Funds specializing in other Asian markets show less exaggerated discrepancies.

"The strategy is very logical," said Don Cassidy, a specialist in closed-end funds for Lipper Analytical Services. "I suspect the risks are relatively limited."

One of them, he said, lies in "the fact

that the arbitrage is not a perfect one, since the two funds' portfolios are not literally the same."

He also cautioned that it was not always easy to find shareholders willing to lend stock to sell short, and if they do, they might ask for it back when the share price is rising.

Mr. Gerleman of Schwab warned that liquidity on the London side of the trade could be problematic.

"Some of these closed-end funds out of America can be tough to trade," he said. "You have to make sure there's enough liquidity on the illiquid side of the trade before you get excited about this stuff."

A minor risk is that the outsized premiums will persist and that investors will have nothing to show for the money they have committed. But as Peter Juhl, who follows closed-end funds for Robert Fleming Securities, pointed out in a research report, there is a peripatetic aspect to the pricing of U.S. closed-end funds. Premiums and discounts come and go quickly, making this kind of arbitrage "an attractive strategy."

"When the market rebounds," he predicted, "the long position is likely to perform at least in line with the market, while the premium on the U.S.-listed funds will come down substantially and may even turn into a discount, significantly reducing the loss on the short position."

The cause of the whopping premiums is difficult to fathom. Conventional notions about market sentiment suggest that they should only appear at times of euphoria. Premiums on funds targeting Europe soared when the Berlin Wall fell in 1989, then swiftly eroded, taking share prices down with them.

Mr. Juhl reckons that traders of U.S. funds have become a more sophisticated breed than other market participants — astute contrarians who view country funds as the best way to get into a cheap market and out of an expensive one. Funds elsewhere do not exhibit the same characteristics because of their relative illiquidity and lower premium volatility, he said, making them more in-

Continued on Page 17

## The Pesky Asia Question Again: Are Those Dirt-Cheap Shares Deals or Dangers?

**B**ACK IN DECEMBER, we asked an easy question, "Are stocks in Asia now screaming bargains, or should they be avoided like the plague?"

Our specialists said they were buyers — and no wonder. Mr. Market had clearly overreacted to the currency crisis, and Asian shares had fallen to insanely low levels. While no one can ever guess the bottom of a market, it is not hard to recognize a genuine panic. And this was a panic, with good stocks driven down with the bad.

Now, we are ready to ask the question again, and it is tougher — for the simple reason that the earlier advice was correct, and Asia has indeed bounced back. From Jan. 1 to April 1, stocks in South Korea rose 49 percent in dollar terms; in Thailand, 53 percent; Malaysia, 24 percent. Of the markets devastated in 1997, only Indonesia has been a big loser. But in every Asian market, stocks are still far lower than they were 12 months ago. The average loss is 19 percent.

"We've had a nice rebound from oversold levels," said Barbara Trebbi, manager of Ivy International Fund II,

using a pleasant understatement.

Ms. Trebbi had made a great prediction when we talked with her nearly four months ago. "There are some tremendous values in the region," she said, and confided that she was buying Telekom Malaysia, which had fallen 42 percent (in local currency) in six months. Since then, it has jumped 80 percent.

Another manager, Seth Masters of the Sanford C. Bernstein & Co. Emerging Markets Value Fund, cited "unbelievably low prices in Asia" in December and spoke rhapsodically of one of his purchases, Universal Robina Corp., a Philippine snack-food and coffee company that was trading at a price-to-earnings ratio of 4. So far this year, it is up 58 percent.

Not all of the selections have worked out. Mr. Masters named Daegu Bank, a Korean stock that jumped 40 percent, then collapsed by more than half to finish down 20 percent for the four months.

Ms. Trebbi said her fund was buying Japanese stocks for the first time since the crash of 1989. But her selections — Japanese stocks like Fuji Photo Film Co., Sony Corp. and Canon Inc. — have all been

flat, while a U.S. counterpart such as General Electric Co. is up 18 percent.

But, overall, Ms. Trebbi's performance is impressive. Her fund has slightly outpaced the Standard & Poor's 500-stock index, an American benchmark, since December, and I asked what she thought about Asia now.

"Looking at what some of these companies can earn over time," she said, "there are values. But you must be more selective."

She points out that many of the favorite stocks during the rebound were "companies with high liquidity" — meaning stocks that have large market capitalizations, so that investors can get out of them without driving down prices rushing for the exits. These large caps "are not necessarily the best values."

Robert J. Pelosky Jr. is a top international strategist for Morgan Stanley Dean Witter Discover & Co. who spends much of his life on airplanes.

What Asia needs, he says, is "more pain, please." Without this financial pain,

the countries will not reform their economies. Thanks in part to aid from the International Monetary Fund and the United States, the pain is being mitigated.

He told clients in a recent newsletter that "the region's markets are ahead of themselves and — more important — ahead of the economic effects of the financial crisis." He added, "As I see it, the degree of forthcoming economic contraction and the attendant effect on corporates remain under-

der- stated in the region."

Robert Hrabchak agrees. He directs Asian investments for BEA Associates, a New York money manager. "We've had a euphoric rally," he told me, "and now we're at the show-me-the-money phase." But the Asian countries are not showing much at all.

"The markets are discounting a V-shaped recovery," he said, meaning investors think Asia will rebound sharply from its ills. "We think it will look more like a 'W.' There is quite a bit of disappointment to come."

I find myself agreeing with Mr. Hr-

abachak and Mr. Pelosky. The worst is far from over in Asia, the economies are not ready to open up to the West and government interference, the well-meaning efforts of the IMF and other rescuers will only postpone reform, and — perhaps worst of all — Japan, which could be Asia's true savior, will not take steps to crank up its own economy.

But, while pessimism is justified, long-term investors should look closely at underpriced stocks. Even Morgan Stanley is telling clients that 19 percent of their emerging markets holdings should be in Asia. That is a little more than half of what the weighting should be, based on the relative sizes of world markets — but it is still a significant commitment.

Big American investors are looking closely at buying big chunks of beaten-down Asian companies. They worry, however, about private-property protections, bankruptcy laws and the veracity of balance sheets and income statements.

"One could argue," writes Marc Faber, a popular newsletter editor, "that following the Asian devaluations, foreign direct investments will soar because foreign companies will take advantage

of the lower price level in these countries and so lead, in a multiplier effect, to an economic recovery. However, I consider this to be a pipe dream."

His concern is that Asia is headed for a depression. In Thailand, he points out, car sales in December plunged 74 percent. Bridgewater Associates is projecting a recession for Japan, and Mr. Pelosky said he believed South Korea's economy could contract 4 percent.

The best bet for small investors may be to keep at least a toehold in Asia but to be exposed to Latin America as well, where economic reforms actually are taking place. One way to do this is via a broad international mutual fund.

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## THE MONEY REPORT

## Promising Plays for the Prudent, Yield-Hungry and Long-Looking Investor

## In Strategic-Income Funds, Risks Are Limited

By Barbara Wall

LOOKING FOR an alternative income source? Ill-disposed to the inherent risks of junk bonds and other high-yielding investments? A closed-end strategic-income fund might be just the thing.

Although discounts to net-asset value have narrowed across the board since the beginning of this year, strategic-income fund advocates maintain that there is still value in the sector.

Strategic-income funds are designed to limit volatility by dividing portfolio investments among various bond categories. It is unusual to find one of these funds at the bottom or top of the performance rankings, but on the rare occasions when this does happen, the share price has generally been affected by a rights offering, a takeover or a change in fund status from closed-end to open-end.

Thomas J. Herzfeld, director of Thomas J. Herzfeld Advisors Inc., the closed-end fund specialist, has always been an advocate of strategic-income funds.

"These funds are ideal for holding over the long term," he said. "The various components of the fund will show strengths and weaknesses at different points in the economic cycle, and a savvy manager will know when to adjust the weightings of the portfolio in order to maintain a good balance between risk and return."

Gregg Wolper, closed-end-fund editor of the Chicago-based Morningstar Mutual Funds directory, said he liked the idea of a multisector bond fund because it allowed investors to tap into the high yields of junk bonds without having to take on the investment risks of an exclusively low-quality portfolio.

"A typical investor could be someone who is currently invested in U.S. treasury bills, but who wants to add some juice to his portfolio," he said.

Then again, some investors rely solely on strategic income funds for their income stream.

"Provided the yields remain high and the share price does not go to a premium," he continued, "it is still a good time to invest in these funds. Where else will investors get such good yields with relatively low risk attached?"

Mr. Wolper said he favored the funds that were consistent and fairly conservative in their investment allocations.

"Few funds maintain a strict equal balance between sectors," he said.

"While it is generally considered acceptable to have a 40 percent or even 50 percent weighting in high-yielding bonds when market conditions are favorable, once the weighting exceeds this limit, the fund starts to lose its advantage," he added.

Three funds that Mr. Wolper said stand out as being consistent in their allocations are MFS Multimarket Income Trust, Colonial Intermarket Income Trust and Putnam Premier Income Trust.

"As well as having well-balanced portfolios, these funds have also proved to be consistent performers over the years, with good track records in the payment of dividends," he said.

Mr. Herzfeld said that when he selects a fund, it is generally on the basis of its discount.

"Investors will generally get a better return if they concentrate on discounts rather than the performance of the fund manager," he said. "In the multimarket bond sector, a manager may be able to add an extra one or two percentage points to his total annual return. But if the discount on the fund was to widen by a fair margin the investor would lose that performance advantage."

He added that his aim had always been to buy a fund when the discount was three percentage points wide of its average, and conversely to sell when it was three percentage points narrower.

"If investors rotated in and out of closed-end multisector bond funds using this strategy, they could expect to add several percentage points to their total returns for the year," he said.

Mr. Herzfeld recommended MFS Multimarket Income Trust and Kemper Multimarket Income Trust on the basis of their discounts.

"MFS has been a middle-of-the-road performer, and for most of 1997 we were neutral on the fund," he said. "In January this year, the discount narrowed to 6.1 percent from 10.7 percent, but MFS has been trading at discounts of between 9 and 10 percent in recent weeks, which makes it a much more interesting proposition."

"I like Kemper because the discount has recently widened to 8 percent from 4.5 percent at the beginning of February 1998," he added.

Funds that Mr. Herzfeld said he would not buy include Franklin Principle Maturity Trust and Colonial Intermarket Income Trust.

"The discount on Franklin Principle was 8.8 percent in January 1998 and it has since contracted to 5 percent," he said.

"I would want to switch out of this fund into MFS or Kemper, though the fund does have a very unusual feature, which some investors might want to reflect on: In 2001, Franklin Principle will wind up and return its assets to investors. I still think investors should switch out of the fund, but not too quickly," he added.

George Cole Scott, president of Closed-End Fund Advisors in Richmond, Virginia, disagreed with the thesis that the discount was the most important feature of a multisector bond fund.

In his view, the quality of the management must be given equal consideration.

"Tracking discounts might work for professional traders who are moving in and out of funds regularly, but individual investors will probably want to hold on to their investment for the long term," Mr. Scott said. "A good manager will keep fund expenses down and maintain a consistent track record. Both these factors will help keep discounts narrow and stop them from fluctuating too much."

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## Betting on the Bull Run With Warrant Funds

By Barbara Wall

IF YOU ARE THE kind of optimistic investor who thinks the bull markets in North America and Europe have not finished their run, then closed-end warrant funds could add some color to your portfolio.

Warrants are securities that work like call options: The holder has the right, but not the obligation, to buy a specified stock or bond at a stated price. When equity prices are rising, warrant funds tend to outperform the overall market, but in a decline, their losses are often exaggerated. Funds measure this leverage by what they call their delta ratios: when the ratio is 2, it means the fund will rise—or fall—twice as far as the markets for the securities that underlie the warrants.

Closed-end funds are considered a good way to invest in warrants, which are relatively illiquid and which can require a long-term management horizon. When these funds trade at a discount to net-asset value, there is also extra leverage to be had for investors.

Vivian Lewis, editor of Global Investing, a New York-based newsletter that covers international securities trading in the United States, said closed-end warrant funds might appeal to individuals who want to be in a traditional hedge fund but who cannot afford the investment stake.

"These funds are one way for investors to get geared exposure to a wide variety of European companies, without too much trouble and cost," she said.

There are only two closed-end funds that invest solely in warrants. The European Warrant Fund, managed by Julius Baer Securities, is listed on the New York Stock Exchange, while Warrants & Value Investment Trust, managed by Scottish Value Management Ltd., is listed in London. One other closed-end fund in this sector, which is the NYSE-listed Alliance All-Market Advantage Fund.

The objective of the European Warrant Fund is enhanced capital growth, which the fund seeks to achieve by investing in equity and index warrants of Western European issuers. The fund focuses on country allocation rather than on individual companies. It is betting on indexes in Britain and Italy and in the Continent-wide Eurotop 100. It also has exposure to an Iberia telecom basket and individual companies, including ING Groep NV and Zurich Insurance.

"The fund managers aim to follow a buy-and-hold strategy on about 60 percent of the portfolio," said Philip Burger, one of the managers. "The average life of these investments is between one and two years. The fund can have a gearing of up to

three times to underlying equity markets, but the gearing is currently 1.8 times because of what we perceive to be a growing risk of a major market correction."

Warrants & Value Investment Trust aims to achieve long-term capital growth from a portfolio of investment trust warrants and capital shares, and warrants of other British and overseas companies. The portfolio has focused on businesses with the potential to benefit from industrial restructuring or cost-cutting. The best individual investment performances in 1997 were by warrants in British Aerospace PLC, Commerzbank AG, Volkswagen AG and Fidelity European Values. Disappointments included Mercury World Mining Trust, and the JF Japan OTC Fund.

Although Warrants & Value Investment has a leverage ratio of 2, its manager, Donald Robertson, said he was pursuing a defensive strategy.

"There are some encouraging trends for warrants of investment trusts," he said. "Increasingly, investment trusts are realizing that warrant repurchase can enhance net-asset values and minimize the potential impact of future dilution. We expect more trusts to act on this in 1998. The company owns significant positions in the warrant issues of a number of investment trusts trading at substantial discounts."

The Alliance Fund is a different animal from the two others. The portfolio comprises mainly large-company growth stocks. But Michael Reilly, the manager, can leverage on the long side by purchasing options and buffer the fund's returns by shorting stocks. The fund is

invested 65 percent in common stocks and 35 percent in warrants.

"Retail investors are understandably nervous with leveraged exposure to equity markets, especially if the underlying markets look fully valued," Mr. Reilly said. "Valuation is a big issue at the moment in the United States, but the fundamentals appear to be quite positive."

All three funds have recently done well. In the 12 months to March 19, the European Warrant Fund's market price grew by 96 percent as its net-asset value gained 66 percent. Over the same span, Warrants & Value's price rose 25.2 percent, while its NAV grew by 20.5 percent. The Alliance fund's price rose 57 percent over the period, augmented by 17.5 percent of dividend payments; its NAV was up 55 percent.

The outlook is uncertain. Warrants & Value is still at an attractive discount of 14.5 percent to net-asset value, but the discount on European Warrant Fund has narrowed to 1.76 percent, which may make some investors nervous. Mr. Lewis said European Warrant Fund was too rich for her taste and she has sold half her stake in the fund.

Alliance All-Market Advantage is trading at a premium of about 2 percent. Mr. Reilly said the premium reflected last year's dividends and the growing confidence in the fund.

For further information, contact:

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## Novel Asia Arbitrage Play

Continued from Page 15

efficient trading vehicles.

In Mr. Cassidy's opinion, London investors are the savvy ones. They price the Asia funds more accurately because they have been trading internationally for longer than American investors and because there is greater institutional ownership of closed-end country funds.

He gives American fund traders far less credit.

"The phenomenon we see in the U.S. market is what I coined 'back-door premiums' when it first appeared in 1994 during the Mexico meltdown," he said.

"What appears to happen is that U.S. investors bury their heads in the sand and refuse to sell rather than facing reality. When the shock is so severe, one tends to deny and flee, becoming a long-

term holder, if not already so inclined. The NAV is collapsing faster than the market price, so with the divisor shrinking you get huge premiums."

The Asian markets have stabilized and NAVs are no longer collapsing. That means premiums are likely to begin falling, Mr. Cassidy said, but the descent will be a graceful, drawn-out process, nothing like the decline in the markets themselves.

"In the Mexico incident, it took about nine months for the funds' market prices to gradually slide lower, while the NAV pressure came off and saw some recovery," he said.

"I would imagine it might take nine months or longer this time for the premiums to wither, since the severity of the drops was a deeper shock," he added.

FOR INFORMATION about electronic trading at Charles Schwab & Co., visit the Web site at www.schwab-worldwide.com or call 1 800 852 3500.

## BRIEFCASE

## Japan Life Insurers Back in Real Estate

After a stint on the sidelines, large Japanese life insurance companies are poised to return to the property-investment scene. Nippon Life Insurance Co. said it would pump 600 billion yen (\$4.48 billion) into real estate projects in the coming decade, while Meiji Life Insurance Co. will spend 50 billion to 60 billion yen a year for the four years through 2001 to buy promising properties and renovate existing holdings. Other big life insurers may follow suit, and their activities could lift the market, analysts said.

At a time when lending is unprofitable and equity markets are jumpy, real estate "is the only arena of investment in which stable management is possible," said Takashi Ishizawa, senior economist at LTCB Research Institute Inc. "Good yields from properties became available because the prices have come down."

The life insurers have come late to the party as foreign financial institutions have gone on a binge to acquire Japanese properties at bargain prices, mainly by purchasing dud loans that Japanese banks are keen to unload. Analysts said the outsiders' raids on Japanese properties were eroding the resistance of domestic players to real estate, where they suffered after asset inflation in the early '90s and the subsequent decline.

(IHT)

## Rules for Making A Clean Million

There is value in family values, two professors say in a pamphlet written for Washington University in St. Louis, Missouri. Dwight Lee of the school's Center for the Study

of American Business and Richard B. McKenzie, a professor at the Graduate School of Management at the University of California, Irvine, suggested that anybody who really wants to can become a dollar millionaire by following a few rules that would have them live clean, save money and get married — once.

The rules were written for Americans, but Mr. Lee said they applied to anyone, anywhere. "The general rules are: get a good education and a good job, work hard, get and stay married," he said. "That applies no matter who you are talking to or where they are."

Still, he admitted, Americans have an advantage. One of the main rules is to "have a reasonable income base," which the authors said was virtually a birthright for most

Americans. How much is reasonable? The pamphlet says that half of all millionaires have annual incomes of less than \$131,000. The key to becoming rich is to live modestly, it adds. As to the tangible value of marriage, the authors said that while 14 percent of Americans lived in poverty, only 6 percent of married couples do.

Another key rule is to take the power of compound interest seriously and take advantage of it early in life. The pamphlet uses the example of an investor who starts saving \$2,000 a year, the amount an American can put into an individual retirement account every year. If the investment returned 10 percent annually, the saver would have a nest

egg of more than \$1.3 million at 65 and \$2.1 million at 70.

Is this sound advice? Karen Alfrest, vice president of L. J. Alfrest & Co., a New York financial-planning concern, described the guide as "a book of conservative values."

She took issue with the idea that investors could get 10 percent average annual returns. "It gives people the mistaken idea that you can outperform the market with an index mutual fund. It sounds like you would be getting a lot of diversification. In fact, you'll do exactly what the market does, even if it drops." (IHT)

• TO OBTAIN A COPY of the report, contact Robert Barmann, communications director of the Center for the Study of American Business. Telephone: 1 314 935 3676. E-mail: barb@casb.wustl.edu. Web site: casb.wustl.edu

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By Mike Wise  
New York Times Service

**EAST RUTHERFORD, New Jersey** — Dressed in purple, he towered over everyone. He wore a perpetual smile and enraptured 20,000 people who came to see him frolic.

When the rim had stopped shaking at Continental Arena on Thursday night, Shaquille O'Neal had erupted for a season-high 50 points and the Los Angeles

passes high above the rim and dunking or merely getting great position for layups, he could not be stopped.

"We couldn't control him at all down there," the Nets' Kendall Gill said. "He was running the court. I've never seen, in my eight years, a center run down the court and get that many free baskets."

In other games, The Associated Press reported:

**Pacers 111, Timberwolves 108** In Indianapolis, Antonio Davis scored 23 points and grabbed 11 rebounds, and Indiana survived a furious Minnesota rally in the fourth quarter.

**Knicks 81, Clippers 70** In New York, Larry Johnson scored 21 points and Charles Oakley had 17 and New York's big men had a rare dominating night as the Knicks ended a two-game losing streak.

**Warriors 104, Rockets 94** In Houston, Jim Jackson had 33 points and 11 assists, and Golden State had its best shooting game of the season, hitting 52 percent from the floor.

The Warriors, who also got 21 points and 11 rebounds from Donyell Marshall, won for only the sixth time all season away from home.

**Spurs 103, Heat 99** In San Antonio, Tim Duncan had 22 points and 14 rebounds as the Spurs won their fourth straight, stopping Miami's seven-game winning streak. David Robinson added 21 points and 14 rebounds for the Spurs, and Jaren Jackson had 15 points.

**SuperSonics 107, Mavericks 96** In Seattle, Gary Payton scored 22 as the Sonics moved into the lead in the Western Conference playoff race by beating Dallas.



The Lakers' Shaquille O'Neal dunking over the Nets' Michael Cage.

# For Tarkanian, This Victory's Sweet

By Richard Sandomir  
New York Times Service

**NEW YORK** — Throughout his three-decade career, Jerry Tarkanian has developed and even embraced a reputation as a rebel, an anti-establishment college basketball coach who compiled a scintillating record built on a fondness for recruiting players with dubious academic credentials.

With his hooded eyes, bald head and penchant for chewing white towels during games, Tarkanian, known as Tark the Shark, became a singular character in American college sports.

In virtual lockstep, the National Collegiate Athletic Association, which governs college athletics and enforces its rules, monitored and pursued Tarkanian with the relentlessness of Inspector Javert hunting Jean Valjean in

"Les Miserables." Three times the association levied penalties against his teams, putting them on probation and barring them from appearing on television.

But the 26-year hostilities came to an end Thursday when the association agreed to pay Tarkanian, 67, \$2.5 million rather than defend itself against a lawsuit he had filed that was scheduled to go to trial next month.

The suit, in which Tarkanian alleged a campaign of unfair prosecution by the NCAA, was to be heard in Las Vegas, where Tarkanian coached for 19 seasons at the University of Nevada-Las Vegas and is still a popular figure. In announcing the settlement Thursday, Cedric Dempsey, the association's executive director, said the failure to get a change of venue was instrumental in its decision.

In a carefully worded statement, the NCAA said it "regrets the 26-year ongoing dispute" with Tarkanian. But Dempsey said the unprecedented settlement was not an admission that its enforcement division erred in its sanctions against Tarkanian. "It only relates to the lawsuit," Dempsey said.

Tarkanian, now the coach at Fresno State University, said by telephone from Las Vegas: "Nothing can make up for what they've done, but it helps to clear the air. It helps a lot. But they couldn't pay me enough to make up for the agony they caused me and my family. The only thing that kept me going was I had such great kids in our program."

The settlement was a victory for Tarkanian, or at least for his persistence in resisting the NCAA's attempts to penalize him. Even so, he remains beset

# Utah's Majerus Rejects a Big Offer

The Associated Press

Arizona State is still looking for a new coach after Rick Majerus, who led the University of Utah to the national basketball championship game before losing to Kentucky, turned down a reported \$1 million-a-year offer to coach at Arizona.

Majerus said he would stay at Utah for personal reasons. With Tom Penders out, Texas is looking for a new basketball coach. Penders settled the four remaining years of his contract by taking \$643,000. He left as the coach with the best record in Texas history, with 208 victories and 110 losses in 10 seasons.

Pete Gillen is replacing Jeff Jones at Virginia, leaving Providence available for Tim Welsh, who moved up from Iowa. Welsh's old job is expected to go to assistant Jeff Ruland.

At Iowa, Tom Davis said he would retire after next season, the final year of his 10-year contract.

# White Is Sorry He Slurred Everybody

The Associated Press

**MILWAUKEE** — Reggie White says he is sorry if he offended anybody with a speech in which he criticized homosexuality and cited racial stereotypes when trying "to reflect the full image of God."

The star defensive end of the Green Bay Packers faxed a statement to the Milwaukee Journal Sentinel late Thursday saying that he did not intend to slight anyone during his guest appearance before the state assembly March 25.

"First, I made a point that our so-

ciety is fortunate to be comprised of different races and cultures.

"I must admit that my examples may have been somewhat clumsy and inappropriate on how the races differ, but my intent was not to demean anyone," White said in the statement, which was published in Friday editions.

"If I did, I humbly ask for your forgiveness," he said.

"I did conclude the point by stressing that it takes all of our combined characteristics and qualities to reflect the full image of God."

# McGwire Powers Cards To Victory Over Dodgers

The Associated Press

**ST. LOUIS** — Mark McGwire, who hit a grand slam on opening day, connected for a three-run homer in the 12th inning Thursday to give the St. Louis Cardinals an 8-5 victory over the Los Angeles Dodgers.

A year after hitting 58 homers, the most since Roger Maris's record 61 in 1961, McGwire is 4-for-8 in his first two games with seven runs batted in and three walks.

With the score 5-5, Juan Acevedo (1-0) beat out an infield hit against Frank

Lankford (0-1) with one out in the 12th and took second on a wild throw by the Dodgers' second baseman, Eric Young, his third error of the game.

Royce Clayton was hit in the forearm with a pitch, and McGwire homered to left with two outs, ending a four-hour,

**NL Roundup**

six-minute game in which each team used 21 players — including all position players.

Cliff Politte, a 54th-round draft pick in 1995, started for St. Louis, making his major league debut in his hometown. He allowed one run and two hits in five innings.

**Cubs 6, Marlins 7** In Miami, Jeff Blauvelt's RBI single capped a two-out rally in the ninth inning, and the Chicago Cubs overcame an early six-run deficit to beat the Marlins.

Gary Sheffield hit a three-run homer, his second, in Florida's six-run first inning. Cliff Floyd hit a solo homer, his second.

**Pirates 4, Expos 3** In Montreal, Tony Womack hit a go-ahead, two-run single in the seventh inning as the Pittsburgh Pirates overcame Vladimir Guerrero's first two-homer game to beat the Expos. Guerrero hit solo homers with two outs in the third and fifth innings off Jason Schmidt (1-0).

**Reds 5, Padres 1** In Cincinnati, the Reds earned their first victory of the season as Willie Greene and Chris Stynes homered.

Steve Cooke got the victory by hold-



The Giants' Brian Johnson meeting the Astros' catcher, Bard Ausmus.

ing the Padres to four hits and one run over six innings. Andy Ashby remained winless against the Reds at 0-8 in 13 career games.

**Phillies 6, Mets 5** In New York, Mark Portugal got his first victory since 1996 as Philadelphia held off the Mets despite Gregg Jefferies' losing a home run on an umpire's rare reversal.

Portugal (1-0) pitched five innings before leaving because of an inflamed knee. His last victory in the majors had been on Aug. 9, 1996, with Cincinnati.

**Brewers 8, Braves 6**, 11 innings In Atlanta, Jeromy Burnitz homered twice, including an 11th-inning grand slam, and Milwaukee got its first NL victory.

Mike Myers picked up his first victory, and Adam Butler took the loss in his first major-league decision.

# Yankees Can't Get a Grip

Hill's 6 Shutoff Innings Lift Angels to Sweep

The Associated Press

Two Anaheim Angels reached the century mark at the expense of the New York Yankees, whose highly touted offense did little for the second straight game.

Ken Hill followed up Chuck Finley's outstanding pitching performance of Wednesday with six shutout innings for his 100th career victory, and Dave

**AL Roundup**

Hollins hit his 100th career homer as the Angels routed the visiting Yankees, 10-2, on Thursday night.

The Yankees, who hit .314 in the exhibition season, got just three runs and 12 hits in being swept in the season-opening two-game series.

"Kenny was great," said the Angels' manager, Terry Collins. "Pitching's always going to be the No. 1 thing. You've got to pitch to beat the Yankees and you've got to catch the ball."

The Yankees have started 0-2 for the first time since 1985, when they opened with three losses at Boston. "Guys are trying, you've got to give their pitching credit again tonight," said Chuck Knoblauch, who had four of his team's seven hits. "Spring training is spring training, and when the regular season starts, it's a different story."

**Rangers 20, White Sox 4** Juan Gonzalez's grand slam capped a 10-run seventh-inning and host Texas set a club record with 23 hits.

Five of the hits were homers, with Kevin Elster, Mike Simms, Ivan Rodriguez and Lee Stevens also con-

necting for the Rangers, who scored their most runs since getting 26 against Baltimore on April 19, 1996.

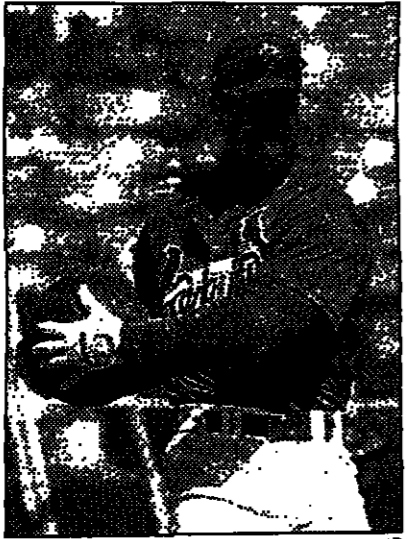
Aaron Sele (1-0) pitched five solid innings, allowing four runs — two earned — on six hits in his Texas debut. Roger Pavlik finished with two-hit relief for the save. Mike Siroka (0-1) was the loser.

**Red Sox 6, Athletics 3** Mo Vaughn singled home the go-ahead run in the seventh inning, and Boston beat the host Athletics for a season-opening two-game sweep.

**Devil Rays 7, Tigers 1** In St. Petersburg, Florida, Mike DiFelice tripled with the bases loaded to break a seventh-inning tie, helping Tampa Bay become only the fifth expansion team to win its initial series. Tampa Bay, which won two straight against the Tigers after losing the opener, joined Houston (1962), Kansas City (1969), San Diego (1969) and Toronto (1977).

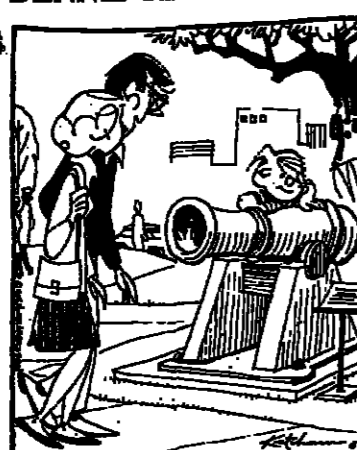
**Orioles 4, Royals 3** In Baltimore, Jeffrey Hammonds' two-run single in the bottom of the ninth capped a four-run uprising that carried the Orioles. Baltimore had only two hits and trailed, 3-0, before rallying against Jeff Montblanch (0-1). Harold Baines led off the ninth with a homer and Cal Ripken drew a one-out walk before Chris Hoiles singled with two outs. Montgomery then hit a pinch-hitter, Joe Carter, to lead the bases and forced in a run by walking Brady Anderson.

**Twins 3, Blue Jays 2** In Toronto, Paul Molitor hit a bases-loaded triple off Kelvin Escobar in the eighth inning as Minnesota rallied to beat the Blue Jays.

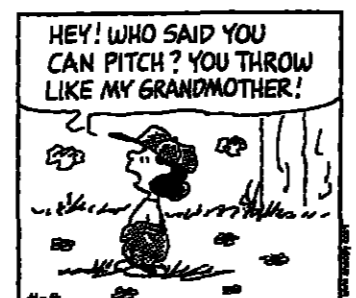


Mark McGwire working out with a medicine ball before walloping L.A.

# DENNIS THE MENACE



# PEANUTS



# GARFIELD



# BEETLE BAILEY



# BLONDIE



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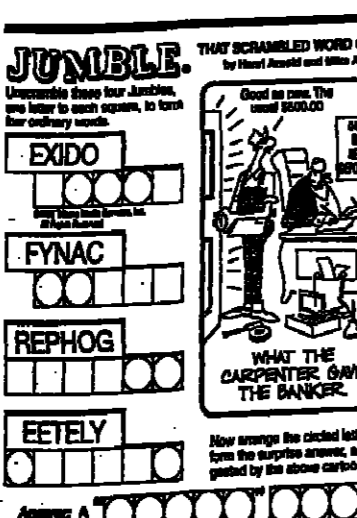
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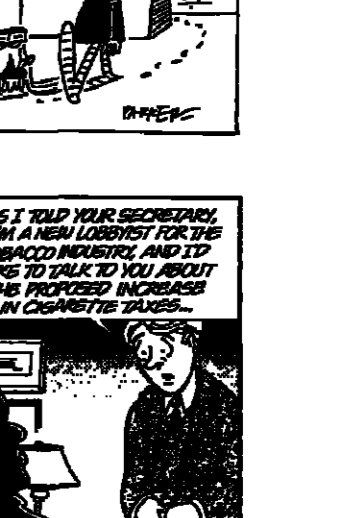
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# EDUCATION



DAVE BARRY

## Killer Ducks! Beware!

MIAMI—I imagine you sports fans are dying to learn the results of my golf tournament.

That is correct: I have a golf tournament. It used to be that you had to be a major star such as a Bob Hope or a Moammar Gadhafi to have one, but now anybody can. It has reached the point where, if you apply for a credit card, the first two blanks on the application are "Your Name" and "Name of Your Golf Tournament."

Mine is "The Dave Barry Classic," and it attempts to raise money for the American Red Cross. I'm a fan of the Red Cross, because after Hurricane Andrew devastated south Florida, the Red Cross provided us with the one thing we most desperately needed: showers. This was a godsend, because after a few days without plumbing, we all smelled like Eau de Athletic Supporter.

And so when the local Red Cross chapter asked me if I'd host a golf tournament, my answer, without one instant of hesitation, was: "I don't play golf." This is true. I don't have anything against golf; it's just that, if I'm going to play a sport, I want one that provides more aerobic benefits, such as "Rock, Paper, Scissors."

But I told the Red Cross people I'd host the tournament anyway, because I sincerely believe in "giving something back" to the community. Plus they said there would be beer.

The Dave Barry Classic was held at Doral Park, Florida, which is a residential golfing community catering to people who enjoy combining the pleasure of living in attractive homes with the pleasure of never knowing exactly when a small, hard, white sphere will penetrate your recreation room traveling upward of 140 miles per hour. This happens routinely because golfers have absolutely no idea what the golf ball is going to do once they hit it.

I say this after spending a day observing the golfers in my tournament. These were mostly middle-aged business guys who had come out because they truly believe in the ideals of the Red Cross, especially the ideal of holding a golf tournament on a Friday afternoon.

Along with the business guys, we had some big celebrities on hand. I do not mean "big" in the sense of "famous"; I mean "big" as in "larger than your high school." For example, one was Charles (Gator) Bennett, a former defensive lineman with the Miami Dolphins. At one point, Gator playfully put his arm, which is the size of Keanu Reeves, around my neck, thereby playfully shutting down my trachea for what at the time seemed like an eternity, but which in fact, as I look back on it, was probably only about 45 minutes. This is exactly why I hated gym class. I was afraid that Gator would decide to snap me with a towel, and I would never walk again.

The message was clear: 'We can peck you to death.'

Not that I felt much safer on the golf course. For one thing, there were the killer ducks. The Doral Park course has a large colony of ducks that, after years of eating food dropped by golfers, have become large and aggressive. If you stop your golf cart, they surround you, dozens of them, pretty much demanding that you give them something to eat.

"We can peck you to death," is their unmistakable message, "and the authorities will do nothing to us, because we are ducks."

More than once I found myself stomping on the accelerator and rocketing away at top golf-cart speed ("mosey"), with a herd of irate ducks waddling after me, like a terrifying scene from a Steven Spielberg movie called "Jurassic Duck."

But the scariest phenomenon on the golf course, as I noted earlier, is the golfers. Basically, every time they hit the ball, they go through two distinct phases:

PHASE ONE — They are a foursome of serious, middle-aged accountants, bankers, lawyers, doctors, etc., gathered around a golf ball, studying it intensely, as though it were an unexploded terrorist bomb. Then one of them takes a club, stands over the ball, waggles his butt around, hauls off and hits the ball, which leads to...

PHASE TWO — All four golfers instantly transform into lunatics, gyrating their bodies and screaming contradictory instructions at the ball ("STAY UP!" "GET DOWN!" "STAY DOWN!" "GET UP!"). But it goes wherever it wants, laughing the laugh of the truly carefree.

So what with the golfers and Gator and the gangsta ducks, it was a scary day out there on the "links." But I'm pleased to report that we got through The Dave Barry Classic without any unnecessary deaths, although as of this morning there still were several tee shots that had not yet returned to Earth, so if you live within 250 miles of Miami, you are advised to cower under your bed until further notice.

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## History Prepares France for the Daunting Euro

By Mary Blume  
International Herald Tribune

PARIS — Last week's list of the 11 European Union countries qualified to join the single currency may have caused officials to beam in self-congratulation, but it could only bring a sigh from ordinary citizens as the day draws near when the familiar franc, lira, peso, mark or schilling will be replaced by a mere construct, the euro.

In France, where the notion of money is always invested with the anxiety of impermanence, the headlines were not reassuring: France Prepares Itself to Abandon Monetary Sovereignty, said *Le Monde*. In nine pages the weekly *L'Express* gave a user's guide to the euro, beginning with the statement that there are two ways of looking at it.

The first was as a leap into the unknown, not great, but the second was worse: 12 billion banknotes and 70 billion coins to exchange, computers, to reprogram, prices to determine. The daily *Liberation* listed the five traps of a single currency so that "the switch to the euro does not become a nightmare."

But it is a nightmare in a country where people still talk in the old francs that ceased to exist in 1958, when much of today's population hadn't even been born. How to handle the grim day, June 30, 2002, at the latest, when the franc definitively disappears?

First, by showing off the new euro banknotes and coins, which in their smaller denominations will be called cents although the French word *centime* will continue to be acceptable. If one side of the coin will be faceless European, the other side will have such reassuring traditional figures as la Semeuse (a classically gowned woman sowing seeds) and the symbol of the republic, Marianne.

It is possible, if hard, in France, to look on the bright side.

While French currency now has 11 coins, with the euro there will be only eight. Current French banknotes include two of great potential confusion and unspeakable ugliness: the 100- and 200-franc bills, which bear fuzzy rufous portraits of Cézanne and Gustave Eiffel, looking improbably alike. Everyone hates the two banknotes to the point where one might ask if their introduction was not a subtle manner of making the tidy euro more welcome.

The same thought arises from a visit to an exhibition at the mint museum, "L'Euro et la Monnaie de Paris," a dimly lit history of French coinage whose aim seems to be to show that the franc has occupied only a small part of the nation's monetary history, most of which has been passed in a state of such blind confusion that one can only wish that the unquestionably rational euro had come along sooner.

Actually, in a way it did. In 1865, Napoleon III convoked a group of European nations that formed the Union Latine with a view to deciding on a common currency. Everyone agreed it was a swell idea but the proto-euro never appeared.

The franc first came along, briefly, in 1360, in the middle of the Hundred Years War, to commemorate the fact that John the Good was free (or *franc*) from the British after a ransom payment of 3 million *écus*. The franc was worth one *livre*, but it was just one of many coins circulating — the *pavillon d'or*, the *ange d'or*, the *florin Georges* — and in 1385 the franc was replaced by a gold *écu* worth one *livre*, two *sous* and six *deniers* *tournois*.



It had been complicated from the start.

The Gauls inherited Roman coinage of seven denominations ranging from the *aureus* to the *quadrans*. The Franks and Merovingians added their own names and then the Carolingians sensibly decided the *denier* would be the sole legal tender, a fine idea although its weight tended to vary according to who had nibbled at its edges — as did its aspect since workers at mints run by rural nobles and prelates were illiterate and so the word "Rex," for example, would be copied as a sickle in Nevers, while the initials of King Odo became a comb in Provins.

By the time of St. Louis the *denier* was no longer sufficient in a prospering economy: The florin from Florence and the Venetian *ducat* circulated, and two gold coins, one of them an *écu*, appeared. So, in time, did the screw

press and a milling machine that made it harder to clip off the edges of valuable coins.

There were still more cents than sense as more and more coins appeared — the *agnel*, *florette*, *guyot*, the *blanc de couronelles*, and the *gros du roi*, the *hardi* and the *liard*; then the *teston* in 1514 because Louis XII, in the Italian fashion, wanted his head on his coins.

If things were not confusing enough, during the 16th-century religious wars Catholics and Protestants each issued coins. And during the wars the franc made a comeback, never as glorious as the *Louis d'Or* that Louis XIV issued in 1640 and that lasted until the creation of the Republic in 1792.

During the Revolution, private contractors, basing themselves on the statement in the Declaration of the Rights of Man that "all that is not forbidden is lawful" began to issue *monnaie de confiance*, which

inspired no confidence at all. Then, in 1795, France decided to go decimal in its weights, measures and coinage and Marianne appeared for the first time on a *decime*, or one tenth of a franc.

By 1803 a coinage system was established, based on the one-franc coin, whose weight in silver remained unchanged until World War I.

The same year the 20-franc "Napoleon" gold piece appeared and is still quoted on the Paris stock exchange although gold was withdrawn from circulation in 1914. After World War I, a coinage crisis resulted in the proliferation of tokens or *jurons*, which baffled Ezra Pound when he came across them in Nice.

A sort of *juron* reappeared recently when, in preparation for the euro, some French towns temporarily traded in a sort of Monopoly money labeled "écu" because that was the good French name that the public had been misled into believing the European currency would be given. No one knew what the *écu*'s rate of exchange against the franc was, nor do they yet know what the franc-euro ratio will be, though *L'Express* suggests it will be a ghastly 6.61538 francs per Euro.

Life may be smoother in the future but no less disquieting. How to be sure that the vanishing but palpable franc is given a just value against eurocentric denominations and how to deal with tradesmen who round off the unwieldy fractions in their favor?

As the successor of Philippe le Bel said in 1314, finding the royal coffers bare, "Where are the decimes held in the time of my father. ... What is the exchange rate of all coins?"

## PEOPLE

IN a farewell burst of talking, singing and cheering, Bella Abzug was memorialized in a ceremony that suggested the wide swath Abzug had cut in New York public life. The ceremony lasted for three hours and five minutes, and 22 people spoke or sang. Through it all, the feminist firebrand was remembered by what surely was one of the more eclectic groups to gather for a memorial service in recent years. Abzug died on Tuesday, at 77, from complications after heart surgery.

After 70 years of wandering between hotels, theaters and auditoriums, the Oscars are finally getting a permanent home. The Motion Picture Academy and Los Angeles will build a \$350 million complex in Hollywood, where the movie industry's premier event was born. It will include a 3,300-seat theater that will be the site of the annual Academy Awards show starting in 2001. Robert Rehme, president of the academy, proclaimed it "the beginning of a new era in Hollywood history."

The gig is up for Claude Berger, who

led a double life as a sedate member of the Quebec City Symphony Orchestra and a gun-owning member of the Hell's Angels motorcycle gang. The Quebec City newspaper *Le Soleil* reported that Berger was fired by the orchestra this week because of his arrest in April for possession of illegal firearms. Berger was the orchestra's third trumpeter and the orchestra has confined itself since his arrest to works that require only two trumpets.

Hundreds of women showed off their high kicks in hopes of dancing their way to the most famous chorus line in the United States. The open audition for the Rockettes, held at Radio City Music Hall in New York, was the scene of hope and heartbreak as anxious dancers stepped through a 20-second tryout. "It's all legs. That's what they're looking at," said Dina Peragina, a New York high school student who was trying out.

Flanked by a host of fellow rockers, Joe Walsh of the Eagles snipped the red ribbon to open a new wing at the Rock and Roll Hall of Fame and Museum in Cleveland. "You can't do it without

me." Little Richard shouted when he climbed onstage 10 minutes into the ceremony. The two were among the rock star delegation that included Michelle Phillips, Bo Diddley, Ike Turner and Sam Phillips. The drum-shaped new hall has listening kiosks equipped with headphones where fans can listen to 27,000 songs. There are also three giant video screens where film footage, music and interviews with the stars play nonstop.

Walter Matthau stuck his hands and feet in wet cement at Mann's Chinese Theatre in Los Angeles, cheered on by more than 500 people, including his frequent co-star Jack Lemmon.

## Arrest for Diana Letters

The Associated Press  
LONDON — Anna Ferretti, the ex-girlfriend of a former lover of Diana, Princess of Wales, was arrested at Waterloo train station Friday after allegedly trying to sell letters Diana wrote to James Hewitt to the London tabloid *The Mirror*.



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